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REGISTRATION DOCUMENT 2014

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REGISTRATION DOCUMENT

INCLUDING ANNUAL FINANCIAL REPORT

2014

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This is a non binding free translation into English of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 15, 2015, pursuant to Article 212-13 of its General Regulations. The French version of the Registration Document can be used in support of a financial transaction if it is supplemented by an information memorandum duly approved by the French Financial Markets Authority. This Document was prepared by the issuer. The signatories assume responsibility for this document.

legrand®

NOTE

References to the "**Group**" and "**Legrand**" are to the Company (as defined in section 1.1.1 of the present Regulation 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 Shareholders' General Meeting dated February 14, 2006, and not to its other subsidiaries.

The Company's consolidated financial statements presented in this Registration Document for the financial years ending December 31, 2014 and December 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Since the Group has not applied the carve-out arrangements proposed by the EU and specified in IAS 39, these consolidated financial statements were also prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB). References therefore to the term "**IFRS**" within this Registration Document relate to international accounting standards as adopted in the European Union or as issued by IASB. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

This Registration Document contains information about Legrand's markets and its competitive position therein, including market size and market share. As far as Legrand is aware, no exhaustive report exists with regard to the industry or the market for electrical and digital building infrastructures. As such, Legrand obtains data on its markets through its subsidiaries which compile information on their relevant markets on an annual basis. This information is derived from formal and informal contacts with industry professionals of the electricity sector (notably professional associations) and from building statistics and macroeconomic data. Legrand estimates 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 market share information contained in this Registration Document provides fair and adequate estimates of the size of its markets and fairly reflects its competitive position within these markets. However, internal surveys, estimates, market research and publicly available information, while believed by Legrand to be reliable, have not been independently verified and Legrand cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain the same results. In addition, Legrand's competitors may define its markets differently. Because data relating to market shares and market sizes are Company estimates, they are not data extracted from the consolidated financial statements, and Legrand cautions readers not to place undue reliance on such information.

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of the Group's future performance. Legrand's actual financial position, results and cash flows as well as the development of the industrial sector in which it operates may differ significantly from the forward-looking information mentioned in this Registration Document, and even where these elements are consistent with the forward-looking information mentioned in this Registration Document, they may not be representative of the results or developments in later periods. Factors that could cause such differences include, among other things, the risk factors described in chapter 4 of this Registration Document. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

The forward-looking statements referred to in this Registration Document are only made as of the date of this Registration Document. The Group will update this information as necessary in its financial communications. Legrand operates in a competitive environment subject to rapid change. It therefore may 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, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

01

1.1 - PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 - Name and position of the person responsible for the Registration Document

Gilles Schnepp, Chairman and 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 Limoges Trade and Companies Register under number 421 259 615, hereinafter referred to as "the **Company**".

1.1.2 - Declaration of the person responsible for the Registration Document including the annual financial report

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this Registration Document is, to the best of my knowledge, accurate and that there are no omissions that could materially affect its reliability.

I further certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of its consolidated businesses, and that the Management Reports that appear in chapter 6 and Appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial situation and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The 2014 financial information presented in this Registration Document is the subject of an auditors' report that appears on page 245 of this Registration Document.

The consolidated financial statements for the year ended December 31, 2013, are included for reference in the present document and are the subject of an auditors' report that appears on page 243 et seq. of the 2013 Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) under number D.14-0274.

The consolidated financial statements for the year ended December 31, 2012 are included in this document for reference and are the subject of an auditors' report that appears on page 225 et seq. of the 2012 Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) under number D.14-0240."

Gilles Schnepp

Chairman and Chief Executive Officer

1.1.3 - Incorporation by reference

This Registration Document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2012 and the related statutory auditors' report, as presented on pages 171 to 224 and 225-226 of the 2012 Registration Document filed with the *Autorité des Marchés Financiers* on March 28, 2013 under number D.13-0240, as well as the Company's consolidated financial statements for the year ended December 31, 2013 and the related statutory auditors' report, as presented on pages 190 to 242 and 243-244 of the 2013 Registration Document filed with the *Autorité des Marchés Financiers* on April 2, 2014, under number D.14-0274.

1.2 - STATUTORY AUDITORS

1.2.1 - Principal statutory auditors

PricewaterhouseCoopers Audit

Member of the

Versailles Regional Body of Statutory Auditors (Compagnie régionale des Commissaires aux comptes de Versailles)

Represented by Édouard Sattler

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary Shareholders' General Meeting of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

Deloitte & Associés

Member of the

Versailles Regional Body of Statutory Auditors (Compagnie régionale des Commissaires aux comptes de Versailles)

Represented by Jean-Marc Lumet

185, avenue Charles-de-Gaulle

92524 Neuilly-sur-Seine Cedex, France

Appointed Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005, and re-appointed Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016.

1.2.2 - Deputy statutory auditors

Mr. Yves Nicolas

Member of the

Versailles Regional Body of Statutory Auditors (Compagnie régionale des Commissaires aux comptes de Versailles)

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of March 2, 2004, and re-appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

BEAS

Member of the

Versailles Regional Body of Statutory Auditors (Compagnie régionale des Commissaires aux comptes de Versailles)

195, avenue Charles-de-Gaulle

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005, and re-appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016.

1.3 - FINANCIAL INFORMATION

1.3.1 - Person responsible for financial information

Mr. **Antoine Burel**
Chief Financial Officer
Address: 82, rue Robespierre, 93170 Bagnolet, France
Telephone: +33 (0)1 49 72 52 00
Fax: +33 (0)1 43 60 54 92

1.3.2 - Documents available to the public

The legal documents pertaining to the Company that must be made available to shareholders in accordance with the applicable regulations, and its financial records, may be consulted at the Company's registered office.

1.3.3 - Indicative financial information schedule

The 2015 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, 2015, should be as follows:

- 2015 first-quarter results: May 7, 2015
- Special meeting of Shareholders holding double voting rights: May 29, 2015
- Shareholders' General Meeting: May 29, 2015
- Ex-dividend date[1]: June 2, 2015
- Dividend payment: June 4, 2015
- 2015 first-half results: July 30, 2015

(1) Subject to the approval of the resolution "Appropriation of earnings and determination of dividend" by the Company's Annual Combined Ordinary and Extraordinary General Meeting of Shareholders called for May 27, 2014.

SELECTED FINANCIAL INFORMATION 02

The selected financial information for the years ended December 31, 2014, 2013 and 2012 has been drawn from the consolidated financial statements prepared in accordance with IFRS. These can be found in chapter 9 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information in tandem with the information in chapter 6 of this Registration Document, the Group's consolidated financial statements, the Notes thereto (included in chapter 9 of this Registration Document) and all other financial information included elsewhere in this Registration Document.

(in millions of euros except %)	2014	2013	2012
Revenue	**4,499.1**	**4,460.4**	**4,466.7**
Total sales growth	+0.9%	-0.1%	+5.1%
Sales growth at constant scope of consolidation and exchange rates(1)	+0.5%	+0.5%	-1.4%
EBITDA(2)	**1,013.0**	**1,017.8**	**1,014.3**
Maintainable EBITDA(3)	**1,034.7**	**1,047.1**	**1,039.8**
Adjusted operating income(4)	**880.4**	**882.3**	**874.4**
As a percentage of sales	19.6%	19.8%	19.6%
Maintainable adjusted operating income(3)	**902.1**	**911.6**	**899.9**
Net income(5)	**533.3**	**533.3**	**507.0**
As a percentage of sales	11.9%	12.0%	11.4%
Free cash flow(6)	**607.4**	**563.2**	**627.0**
As a percentage of sales	13.5%	12.6%	14.0%
Normalized free cash flow(7)	**607.5**	**588.8**	**619.6**
As a percentage of sales	13.5%	13.2%	13.9%
Net financial debt at December 31(8)	**855.6**	**967.7**	**1,082.5**

(1) Please see section 6.3.2.8 of this Registration Document for a definition of this term.

(2) EBITDA is defined as operating income plus depreciation expense and amortization of property, plant and equipment and intangible assets, and impairment of goodwill.

(3) 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).

(4) Adjusted operating income is defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill.

(5) Net income corresponds to published net income (before minority interests).

(6) Free cash flow is defined as cash flow from operating activities, plus the net proceeds of asset disposals, less capital expenditure and capitalized development costs.

(7) Normalized free cash flow is defined as cash flow from operating activities based on a constant ratio of 10% of total working capital requirement as a ratio of sales at constant scope and exchange rate, plus the net proceeds of asset disposals, 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 and cash equivalents and marketable securities.

The table below shows a reconciliation of EBITDA and maintainable EBITDA with net income and operating income:

(in millions of euros)	2014	2013	2012
Profit for the period	**533.3**	**533.3**	**507.0**
Income taxes	238.4	233.5	247.6
Exchange (gain)/loss	(1.5)	1.8	11.7
Financial income	(8.6)	(6.9)	(20.8)
Financial expense	85.9	87.7	102.5
Operating income	**847.5**	**849.4**	**848.0**
Amortization and depreciation of property, plant and equipment	94.5	101.5	105.2
Amortization and depreciation of intangible assets and impairment of goodwill	71.0	66.9	61.1
EBITDA	**1,013.0**	**1,017.8**	**1,014.3**
Restructuring costs	21.7	29.3	25.5
Maintainable EBITDA	**1,034.7**	**1,047.1**	**1,039.8**

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 of euros)	2014	2013	2012
Profit for the period	**533.3**	**533.3**	**507.0**
Income tax	238.4	233.5	247.6
Exchange (gain)/loss	(1.5)	1.8	11.7
Financial income	(8.6)	(6.9)	(20.8)
Financial expense	85.9	87.7	102.5
Operating income	**847.5**	**849.4**	**848.0**
Acquisitions – related amortization and income/expense(1)	32.9	32.9	26.4
Impairment of goodwill	0.0	0.0	0.0
Adjusted operating income	**880.4**	**882.3**	**874.4**
Restructuring costs	21.7	29.3	25.5
Maintainable adjusted operating income	**902.1**	**911.6**	**899.9**

(1) Amortization relating to intangible asset revaluations in connection with acquisitions and related expense and income.

The table below shows a reconciliation of the Group's free and normalized free cash flow with net cash from operating activities:

(in millions of euros)	2014	2013	2012
Net cash provided by/(used in) operating activities	**726.4**	**691.9**	**739.2**
Net proceeds from sales of tangible and intangible assets	6.3	4.3	8.4
Capital expenditure	(96.3)	(103.9)	(92.5)
Capitalized development costs	(29.0)	(29.1)	(28.1)
Free cash flow	**607.4**	**563.2**	**627.0**
Increase (decrease) in working capital requirement	2.3	27.9	(13.7)
(Increase) decrease in normalized working capital requirement	(2.2)	(2.3)	6.3
Normalized free cash flow	**607.5**	**588.8**	**619.6**

The table below shows changes in the net financial debt of Legrand:

(in millions of euros)	2014	2013	2012
Short-term borrowings	71.4	86.9	80.1
Long-term borrowings	1,513.3	1,486.6	1,496.7
Cash and cash equivalents and marketable securities	(729.1)	(605.8)	(494.3)
Net financial debt	**855.6**	**967.7**	**1,082.5**

The table below shows the changes in Legrand's equity:

(in millions of euros)	2014	2013	2012
Share capital	1,065.4	1,062.4	1,057.5
Retained earnings	2,761.9	2,575.8	2,335.9
Translation reserves	(281.8)	(400.8)	(208.3)
Equity attributable to equity holders of Legrand	**3,545.5**	**3,237.4**	**3,185.1**

GROUP OVERVIEW 03

3.1 - LEGRAND AND ITS BUSINESS

3.1.1 - Overview

Legrand is the global specialist in electrical and digital building infrastructure. Its comprehensive range, suitable for the commercial, industrial, and residential segments of the low voltage market, makes Legrand a benchmark for customers worldwide. The Group markets its products under internationally recognized general brand names, including *Legrand* and *Bticino*, as well as under well-known local and specialist brands. Close to its markets and focused on its customers, Legrand has commercial and industrial operations in over 80 countries.

The Group benefits from solid, long-term growth levers. Geographically, almost 80% of its sales are generated internationally, with new economies accounting for over 38%, and the United States/Canada region for 19%. In terms of product offering, 29% of its sales come from new business segments, whose sales growth have outperformed the Group's traditional segments by more than three percentage points over the last five years. In addition, the Group benefits from very solid social and technological megatrends which will support its long-term development.

Please refer to section 6.4.1 of this Registration Document for further information on the breakdown of Legrand's sales by geographical area.

Legrand's development model relies on innovation and on various marketing and sales initiatives to fuel its organic growth, as well as on targeted and self-financed acquisitions of small and medium-sized companies that are leaders in their markets or have proven technological expertise, and are highly complementary to the Group's business activities. Based on this, and in keeping with the Group's four key values (customer focus, innovation, ethical behavior and resource optimization), Legrand intends to pursue its value-creative development on a sustainable basis for all its stakeholders, and to continue offering products that help to protect the environment. To this end, in 2014 the Group launched its third sustainable development roadmap for the period 2014-2018 (see Chapter 5 for more details).

The Group is listed on Euronext Paris, and is included, in particular, in the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating and DJSI indices at the time this Registration Document was filed.

3.1.1.1 NUMEROUS GROWTH OPPORTUNITIES

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

3.1.1.1.1 International development

Increased presence in the new economies

The influence of the new economies (Latin America, Central America, Eastern Europe, Turkey, Asia excluding South Korea, Oceania excluding Australia, Africa and the Middle East) in the global economy is increasing as a result of more sustained long-term growth than in mature markets. The long-term development of electrical and digital building infrastructure, especially in Brazil, India, China, Russia, Turkey and Mexico, is creating demand for both low-end and high value-added products. Finally and considering that 20% of the world's population does not yet have access to electricity, and that middle class is due to boom in many countries (for instance, according to the UN, Asia will have 3 billion middle class citizens by 2030, five times more than in Europe), leading to a higher demand especially for high value-added products, Legrand believes that in the long term, its market offers significant growth potential as electricity generation and distribution infrastructures expand.

In the past decade, the percentage of the Group's sales generated by new economies has more than doubled to stand at over 38% in 2014. The Group markets its products in more than 120 new economies, half of which have physical sales offices and/or industrial sites. This expansion is evenly spread, with no country representing more than 6% of Group sales.

Reinforcement of the Group's presence in the USA/Canada region

Over the last 10 years, as a result of ongoing innovation efforts complemented by eight acquisitions, the Group has almost doubled its sales – now standing at over $1 billion – in this region, reinforcing its leadership positions (particularly in cable management, highly energy-efficient lighting control, audio/video enclosures, pre-terminated solutions for audio-video networks and voice-data-image and structured cabling for residential buildings). In 2015, the United States should become the Group's no. 1 country by sales, based on sales in 2014 valued at the average exchange rate recorded at the time this Registration Document was filed.

3.1.1.1.2 New business segments

Boosted by technological progress and the emergence of new requirements, digital infrastructure, home systems, energy efficiency and assisted living are continuing to grow. Over the past 10 years, the share of new business segments in Group's sales has more than doubled to represent more than a quarter of Legrand's total sales.

Digital infrastructure and home systems

Breakthroughs in digital technology have led to sweeping changes in the day-to-day use of electrical equipment. Smartphones, telephones, tablets, televisions, computers, lighting, sound systems, household appliances and cars are becoming increasingly interactive, intuitive, mobile and connected. These technological changes are increasing and significantly enhancing the flows of data within buildings, therefore requiring them to have a stronger and enriched electrical and digital infrastructure.

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

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

In addition, thanks to its flexibility, ease of installation and highly ventilated structure, which enables better cable cooling, wire-mesh cable management is widely used in datacenters. The Group offers a full range of cable management via its *Cablofil* brand, which can be installed in all commercial buildings (datacenters, retail outlets, etc.) and industrial facilities throughout the world.

Legrand offers its customers solutions that are simple to use and install, allowing smart management of the building through its digital infrastructure. In recent years, the Group has made its mark with numerous innovations, including the *My Home* system, the *LCS*² VDI solutions, offering simplified installation and guaranteeing optimal network performance, and the *Digital Lighting Management* range for optimized lighting management through a digital network.

Energy efficiency

Buildings currently account for around 40% of total worldwide energy consumption[1].

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

Legrand is responding to this demand by offering a series of products and solutions working in systems in metering energy consumption and energy quality, lighting management, shutter control, home automation, stand-by mode, water-heater and heating management, as well as in the improvement and control of electricity quality (source inversion, reactive energy compensation, energy-efficient transformation, surge protection, and uninterrupted power supply).

Please refer to section 5.2.1.1 of this Registration Document for further information on the energy efficiency business.

Assisted living

The aging of the population (according to the UN, the number of people in the world who are over 80 is expected to be multiplied by 3.3 by 2050) poses a major challenge, in terms of economic as well as societal dependency. Faced with this challenge, and in view of growing demand from senior citizens wishing to remain in their own homes while living independently, Legrand has accelerated its expansion into the assisted living market through the acquisition of three frontrunners in this field:

- 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; and
- Neat, the Spanish market leader and a major player in assisted living in Europe, with which the Group signed a joint venture agreement in February 2014 and whose portfolio includes connected terminals for remote assistance.

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

(1) *Source: International Energy Agency (IEA).*

See section 5.2.1.1 of this Registration Document for further details on the assisted living business.

3.1.1.1.3 Development of new distribution channels by the electrical sector

Due to changes in technology and ways of life, new opportunities are emerging in activities such as Voice-Data-Image (VDI), audio/video (A/V) and IT. Legrand is building healthy positions in these new activities, while benefiting from the development of such distribution channels within the electrical sector.

The development of Group sales in these specialized channels represents significant growth opportunities for the Group and the electrical sector as a whole, which have access to new markets such as network integrators, panel builders and specialists in audio/video applications and maintenance.

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

3.1.1.1.4 Growth prospects

Aside from new business segments, new high-potential businesses, such as the Internet of Things and electric-vehicle charging stations and plugs, offer the Group long-term growth prospects.

The Internet of Things

The steady rise in the number of connected objects is increasing data flows within buildings and making them more complex. This trend, which will accelerate, requires an enrichment of digital infrastructure (see section 3.1.1.1.2 of this Registration Document for more details). Furthermore, it is leading to richer functionalities in certain product families, which are now connected and can be controlled remotely with mobile tools. Legrand thus intends to continue developing its offering of connected products – which already includes many products such as the eco-compteur, the Stop & Go circuit breaker, energy monitoring solutions for commercial buildings, emergency lighting, NuVo audio systems and so on – to provide increasing levels of functionality, safety and comfort.

Electric-vehicle charging stations

The market for electric-vehicle charging stations should continue to expand over the coming years, as the deployment of public charging stations should be accompanied by the installation of numerous charging points in privately owned buildings, both residential and commercial. To meet these future market needs, Legrand has a range of charging plugs (*Green' up Access*, chosen by Renault for its Zoé electric cars), and stations (*Green' up Premium*) to provide power to electric vehicles in the home, workplace or public areas.

See section 5.2.1.4 of this Registration Document for further details on the electric-vehicle charging station and plug business.

3.1.1.2 PRODUCTS

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

- differences in installation habits and design preferences in each country;
- the need to offer customers an extensive range of products and systems with multiple functionalities; and
- the need to establish relationships with the many players in the economic decision-making chain in each country, regardless of whether they are local distributors, electrical installers, product specifiers, or end-users.

Legrand's products, over 215,000 catalog items, are subject to quality and safety controls, and regulations. They are regulated mostly by national standards and for some of them international standards.

Since Legrand's business is essentially local, *i.e.* country-specific, its financial reporting and performance management are organized into five geographical areas. However, to continue improving its competitiveness, Legrand has a global industrial back-office organization. Since 2014, it has been based on seven Strategic Business Units (SBUs) (see section 3.3.2 for more details), aligned with the Group's local market structure:

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

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

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3.1.1.2.1 User interface (ex. Wiring devices SBU)

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

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

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

User interface ranges can include up to 200 functions (switches and sockets of course with various designs and functionalities, but also other user interfaces such as motion sensors, temperature control, sound system, etc.), they increasingly include electronics and will be more and more connected.

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

3.1.1.2.2 Energy distribution

Energy distribution products mainly include circuit protection panels and accessories: circuit breakers (modular circuit breakers, molded cases, air circuit breakers, residual current protection devices, etc.), surge protection, electrical measurement components, "busbars" and transformers. These products enable the protection of people and goods against major electrical risks (*e.g.* electric shocks, overheating, short-circuits, and surge) and the reliable supplying of high-quality electric power to buildings, regardless of whether they are for residential, commercial, or industrial use. They also enable the protection of renewable energy sources.

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

3.1.1.2.3 Building systems

Building products and systems include:

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

3.1.1.2.4 Cable management

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

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

3.1.1.2.5 Digital infrastructure

Legrand offers a complete range of systems for the distribution of digital data, including pre-wired solutions for IT, telephone and video networks, such as copper or fiber-optic patch panels, RJ45 sockets, and copper and fiber-optic cables, enabling and facilitating the organization of networks in residential and commercial buildings and in data centers.

Legrand considers itself to be one of the five main manufacturers of VDI applications (excluding cables, active products and Wi-Fi) and has been very successful in this area, particularly with its new *LCS*² range, which enables simple and quick set-up, and guarantees optimum network performance.

3.1.1.2.6 UPS

UPS constitute a complementary activity for the Group's energy distribution and energy efficiency offering, notably for buildings with intensive digital infrastructure, such as offices, hospitals and data centers, in which a continuous high-quality power supply is mandatory. The Group's offering includes modular UPS as well as conventional UPS.

(1) Larger concept than the previously used concept of wiring devices that comprises mainly switches and sockets.

3.1.1.2.7 Installation components

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

3.1.2 - History

The main stages in Legrand's development are:

- 1926: foundation of the Legrand company, specializing in the production and decoration of china;
- 1946: acquisition of Legrand by the Verspieren and Decoster families;
- 1949: Legrand focuses exclusively on the manufacturing of wiring devices;
- 1966: first operations outside France, primarily in Belgium and Italy;
- 1970: Legrand is admitted to the Paris Stock Market;
- 1977: first operations outside Europe and in new economies, via the acquisition of *Pial*, the leading Brazilian wiring device manufacturer;
- 1984: first operations in the United States with the acquisition of *Pass & Seymour*, the second largest U.S. wiring device manufacturer;
- 1987: inclusion of Legrand in the CAC 40 Index;
- 1989: acquisition of *Bticino*, the leading Italian wiring device manufacturer; Legrand's total sales exceed €1 billion;
- 1995: issue of a US$ 400 million Yankee bond maturing in 2025;
- 1996: first operations in India with the acquisition of *MDS*;
- 1998: Legrand's total sales exceed €2 billion;
- 1999: opening of *Innoval* (8,000 m^2) in Limoges, a 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 full friendly tender offer for Legrand; the Brussels Commission opposes the planned merger in October 2001. As Legrand had planned prior to the merger with Schneider Electric, a new organizational structure is introduced with the aim of separating Front Office and Back Office responsibilities (see section 3.3 of this Registration Document);
- 2002: finalization of the “demerger” from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2005: Legrand becomes the leader in the Chinese wiring device market with the acquisition of the market leader *TCL*; the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on Euronext Paris; Legrand joins the Global Compact;
- 2007: the Group's total sales exceed €4 billion;
- 2010: first issue of Eurobonds for €300 million, maturing in 2017; entry into the UPS segment with the acquisition of *Inform* in Turkey;
- 2011: return of Legrand to the CAC 40 Index;
- 2012: Legrand rated A- by Standard and Poor's;
- 2013: total sales for the United States/Canada region exceed $1 billion;
- 2014: publication of the new sustainable development roadmap for 2014-2018; all industrial back-office functions under the single management of the Operations department, and creation of an Innovation and Systems department.

3.2 - A PROFITABLE GROWTH STRATEGY BASED ON LEADERSHIP DEVELOPMENT

In the medium term, excluding the effects of economic cycles, Legrand's strategy consists in accelerating its profitable and sustainable growth in line with the Group's four values (customer focus, innovation, ethical behavior and resource optimization). The Group is thus looking to expand its businesses internationally into new business segments and new distribution channels developed by the electrical sector. Legrand relies on two growth engines to strengthen its leadership positions worldwide year after year: innovation to fuel its organic growth, and a strategy of targeted acquisitions of leading players in its accessible market. Thanks to the soundness of its economic model, and to ongoing efforts to improve that model, Legrand intends to continue to self-finance its expansion, and to strengthen its profitable growth profile, thereby creating value for all of its stakeholders.

3.2.1 - Legrand, a market leader with a unique positioning

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

Legrand is the specialist for the development, manufacturing and marketing of a comprehensive range of products and systems for electrical and digital building infrastructures. This approach, deployed worldwide and underpinned by the Group's presence in over 80 countries through subsidiaries, branches and representative offices, has enabled the Group to acquire unique technical and commercial expertise across its entire business sector.

By leveraging its strong local presence, Legrand has established longstanding commercial relationships with key local distributors and electrical installers, as well as with product specifiers who provide Legrand with thorough understanding of market trends and demand. Legrand maintains this close relationship with its customers by developing powerful CRM tools, continuously offering them more services, particularly through digital tools (online catalogs, product information, and software), technical and commercial supports, and training. (See section 3.3.1.3 for more details).

3.2.1.2 A MARKET LEADER WITH FRONT-RUNNER MARKET SHARES

Legrand believes that it is the world leader in the interface for control and connection segment and the cable management segment.

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

- user interface in Brazil, Chile, China, the United States, France, Hungary, Italy, Mexico, Peru and Russia;
- cable management in Saudi Arabia, the United States, France, Malaysia, Mexico and other countries;
- emergency lighting products in Australia, France and Peru;
- digital infrastructures in Colombia, the Netherlands, and the United States for audio and video applications;
- UPS, particularly in Brazil and Turkey;
- modular protection in Brazil, Chile, Colombia, France, India and Russia.

Total sales generated by Legrand with products that are number 1 or number 2 on their respective markets accounted for 68% of Group sales in 2014 (same as in 2013). The Group believes that this first-rate competitive positioning makes it the standard-setter for distributors, electrical installers, product specifiers and end-users, and boosts demand for its products.

3.2.1.3 A PORTFOLIO OF RENOWNED BRANDS OFFERING A FULL RANGE OF PRODUCTS AND SYSTEMS

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

Moreover, Legrand believes that its offer, which features more than 215,000 different products organized into some 81 product categories, is among the most exhaustive on the market.

Legrand markets its products:

- under generalist brands that are world-renowned and among the most recognized in the market, both to professional clients and end-users, such as *Legrand*[(1)] and *Bticino*[(2)]; and
- under an extensive portfolio of nearly 50 brands, either specialist, such as *Ortronics, Cablofil* and *Zucchini*, or very well-known local brands.

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

- in France, *Legrand, Arnould, Cablofil, Planet Watthom, Bticino, Sarlam, Zucchini, URA* and *Alpes Technologies*;
- in Italy, *Bticino, Legrand, Zucchini* and *Cablofil*;
- in the Rest of Europe area, *Legrand, Bticino, Cablofil, Zucchini, Kontaktor, Electrak, Estap, Inform, Neat, Tynetec* and *Minkels*;
- in the United States and Canada, under brands backed by the *Legrand* brand, such as *Pass & Seymour, Wiremold, WattStopper, Ortronics, Cablofil* and *OnQ*, and through own-brands such as *Vantage, Electrorack, C2G* and *Middle Atlantic Products*;
- in the Rest of the World area, under brands backed by the *Legrand* brand such as *Pial*, *TCL*, *Shidean* and *Cemar*, and under own-brands such as *Legrand*, *Bticino*, *Cablofil*, *Lorenzetti*, *HPM*, *HDL*, *SMS*, *Adlec* and *Numeric*.

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

As a general rule, Legrand only grants licenses on its brands to third parties in exceptional circumstances and does not usually license brands belonging to third parties.

3.2.1.4 A BALANCED MARKET POSITIONING

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

- the market covers the new-build and renovation sectors, the latter sector being less sensitive to economic cycles than the new-build sector, as it requires lower investments and benefits from a recurring flow of activity arising from regular maintenance and modernization needs. Legrand estimates that approximately 50% of its sales were generated by the renovation market in 2014, while the new-build market accounted for around 50% of its sales in the same year;
- the market breaks down into three sectors, depending on the categories of buildings and end-users: the commercial sector, which is itself composed of many vertical segments in which business trends can differ, includes buildings like hotels, offices and retail outlets, and also public buildings like schools or hospitals, where Legrand estimates that it generated 49% of its 2014 sales; the residential sector (44% of its 2014 sales); and the industrial sector (7% of its 2014 sales), each of which has its own growth momentum;
- the market is characterized by a business flow fueled mainly by a high level of relatively low-value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;
- in addition, certain businesses, such as new business segments (digital infrastructure, energy efficiency, home systems and assisted living), are driven more by technological, social and societal developments than by the construction market;
- finally, a highly diversified geographical presence limits the Group's dependence on the specific economic performance of one or several countries. In fact, Legrand has commercial and industrial operations in over 80 countries, and markets a wide range of products in close to 180 countries. Specifically, Legrand generated more than 38% of its 2014 sales in new economies (see section 3.1.1.1.1 of this Registration Document).

(1) According to a 2013 Ipsos poll on brand awareness carried out in France, Legrand is by far the leading wiring device brand, with a spontaneous awareness rate of 34%.

(2) According to a 2013 ASTAREA poll on brand awareness carried out in Italy, Bticino is by far the leading wiring device brand, with a spontaneous awareness rate of 34%.

3.2.2 - A development driven by two growth engines

Legrand is constantly seeking to develop its market share and sales on a profitable basis by relying on two self-financed growth engines: organic growth, which is driven in particular by innovation and the regular launch of new products; and targeted acquisitions of companies that are front-runners in their business area.

3.2.2.1 MANY INITIATIVES TO SUPPORT ORGANIC GROWTH

Legrand's strategy for growth and for strengthening of its market share is based on various initiatives, particularly innovation, with new product launches and commercial initiatives such as opening new showrooms and concept stores.

3.2.2.1.1 Innovation at the core of a proactive, targeted research and development policy

Each year, Legrand dedicates 4 to 5% on average of its sales[(1)] to research and development.

Legrand develops its products by concentrating primarily on the following features:

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- incorporating new technologies in the product offering, enabling end-users to enjoy the widest possible choice of technology to suit their needs, at all times;
- the ability of Legrand's product lines to work together in an integrated system;
- product functionality, with the integration of communication and remote control capabilities; and
- new designs.

Know-how that is recognized for its innovation

Legrand has a long, recognized track record in terms of innovation and the development of new products that create value for its economic chain. Legrand adds higher value-added products to its ranges on a regular basis, for example by using materials such as leather, wood and steel, together with new high-technology solutions. Examples of these solutions include: the universal media socket; a circuit breaker with an automatic reset function; *My Home*, its home automation range, which simultaneously manages lighting, security, heating and audio and video in residential buildings in a simple, ergonomic way; the eco-meter for measuring and monitoring the main sources of energy consumption on mobile tools; and command incorporating communication technologies such as Zigbee. Legrand is also continuing to develop its range of connected products, such as the Legrand RGB light control, which allows to dim and select the color of light sources by Wi-Fi with the open-source Alljoyn™ standard.

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

In addition, the Group has developed special expertise in energy efficiency to reduce energy consumption and minimize the environmental impact of buildings. This includes lighting management, solutions for measuring and managing consumption, and a range of solar cell equipment protection devices (see paragraph 5.2.1.4 for more details).

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

Effective management of research and development activities

Research and development is under the responsibility of the seven Strategic Business Units which decide on a global scale on the allocation of projects to the various teams spread around the world. They are assisted in their task by the Innovation and Systems department, whose role is to promote and coordinate the innovation approach within the Group, to define the technology roadmap, and to ensure consistency between the technologies used by the different SBUs (see section 3.3.2 of this Registration Document). A significant portion of Legrand's research and development work is carried out in France, Italy, the United States and China, as well as in other countries closer to markets. As at December 31, 2014, more than 2,000 employees in approximately 18 countries were employed in research and development, 30% of them in new economies.

This global organizational structure enables the Group to optimize its research and development by designing products that share the same platform. It enables a rationalization of the number of components and a reduction in manufacturing costs, as well as the pooling of development costs and thus the dedication of more resources to high-growth businesses like digital systems. In addition, Legrand anticipates the international roll-out of its products as soon as it designs them.

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

A substantial patent portfolio

Legrand holds close to 3,900 active patents in over 70 countries, some of which relate to the protection of the same or similar technologies in several markets. Legrand considers that its level of dependence on third party patents is not material to the assessment of its business development prospects.

The Group's patents cover over 1,600 different systems and technologies. The average life of the Group's patent portfolio is around nine years, which also corresponds to the average life of the patents held by Legrand's competitors.

3.2.2.1.2 Innovative commercial initiatives

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

- a variety of training courses for electrical installers to broaden their know-how and knowledge of Legrand products and systems;
- installation design and costing softwares for professionals;
- innovative marketing and sales tools which complement the numerous showrooms which the Group has had for years all over the world. Since 2011, Legrand has deployed concept stores such as "Lab by Legrand" in Paris to showcase the Group's premium ranges of user interface, "B Inspired" in Brussels, or the "Experience Center" in West Hartford in the United States. Legrand is continuing to break new ground in terms of the services it offers its customers, opening its first "project store" in 2014, Innoval Lyon. This all-new concept gives customers an opportunity to explore group offerings in operation in a connected, interactive showroom and provides trainings in the installation of Legrand solutions.

3.2.2.2 ACQUISITION-DRIVEN GROWTH IN A MARKET THAT OFFERS A LARGE NUMBER OF EXTERNAL GROWTH OPPORTUNITIES

Over the long term, Legrand aims to continue making targeted and self-financed acquisitions of companies that enjoy leading positions, thereby pursuing the expansion of its market share, and fuelling its growth. Given the fragmented nature of the market in which it operates, the Group focuses on acquiring small- and medium-sized companies.

3.2.2.2.1 A fragmented market

The Group's accessible market, which Legrand estimates to be worth more than €80 billion, compared with less than €50 billion a decade ago, remains highly fragmented, since around 50% of global sales are generated by small- and medium-sized companies, which are often local and typically enjoy only a marginal share of the global market. With an accessible global market share of some 6% in 2014, Legrand is one of the market benchmarks. Market fragmentation is due in part to differences in standards and applicable technical norms, to end-users habits in each country, as well as the wide variety of product offerings required to provide a building with electrical and digital infrastructure. Attempts to harmonize standards to make products usable on a very large scale have failed, especially within the European Union, due primarily to the size of the investment required to replace existing electrical networks for only limited added-value. As a result, a significant portion of the electrical and digital building infrastructure product and system market has traditionally remained in the hands of small local manufacturers, the potential acquisition of which may represent a growth opportunity for Legrand. Finally, Legrand aims to continue expanding its accessible market, which is expected to be worth over €100 billion in 2020.

3.2.2.2.2 Recognized experience of growth through targeted, self-financed acquisitions

In the fragmented market context in which Legrand operates, the Group has demonstrated its ability to identify and perform self-financed acquisitions of small- and medium-sized companies that are usually the leaders in their local market and enjoy strong brand awareness, thereby satisfying complementary technology, geographical location, market or product criteria.

In this respect, the ongoing role of Legrand's teams, which are very familiar with local market players, is to identify potential targets. A dedicated Corporate Development unit is responsible for monitoring the entire acquisition process, and is specifically responsible for coordinating the work performed by the various Group teams that may be involved in a takeover transaction.

Growth through targeted and self-financed acquisitions is a fully-fledged part of the Group's development model, and the Group has acquired and "docked" over 140 companies into its scope of consolidation since 1954.

3.2.2.2.3 Financial discipline

The rate of acquisitions takes account of the economic environment.

In this context, Legrand maintains a disciplined financial approach, based on a multi-criteria assessment, and specifically uses an assessment matrix, which enables it to ensure that small and medium-sized bolt-on acquisitions:

- increase its local market share; and/or
- expand its product range and technology portfolio; and/or
- boost its presence on markets with high growth potential; 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,
  - a positive impact on net income from the first year of full consolidation,
  - a value-creation target (a return on invested capital that is higher than the weighted average cost of capital) at the end of three to five years.

3.2.3 - A profitable, self-financed and value-creative business model

3.2.3.1 A MODEL BASED ON PROFITABLE GROWTH

3.2.3.1.1 A market characterized by solid economic fundamentals

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

While some structurally deflationary industries are seeing the price of their products steadily eroded, Legrand's market is displaying a different overall trend. In particular, end-user sensitivity to product prices 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 6 and 7% for a residential project, for example). Similarly, because labor represents a significant cost component for installers, they are on the lookout for the best quality/price ratio for an efficient installation.

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

3.2.3.1.2 Profitability driven by an ongoing improvement in competitiveness

Legrand relies on its efficient and responsive Back Office structure (see section 3.3.2 of this Registration Document) to constantly improve its competitiveness. Taking its inspiration from industry best practice and creativity-based methods, such as the product platform concept, Legrand is continuously optimizing its cost base. A part of these gains is reinvested, particularly in research and development and in Front Office initiatives aimed at boosting organic growth thus contributing to the concept of self-financed development of Legrand's business model.

More generally, the ongoing improvement in competitiveness, combined with the operational leverage provided by sales growth in a favorable economic environment, but also and mainly with strong commercial positions (68% of sales are generated from number one or number two positions) enables the Group to generate a high level of profitability while consolidating, year after year, new acquisitions where profit margins are lower than the Group's. In less buoyant economic conditions, which prevent the Group from benefiting from the growth-related operational leverage, Legrand implements active and differentiated management of its business to keep profitability under control.

The Group's adjusted operating margin thus amounted to 16%, on average, between 2003 and 2009 and to 20% between 2010 and 2014.

3.2.3.2 HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight control on capital employed (working capital requirements and capital expenditure), Legrand's economic model enables the Group to generate high levels of free cash flow over the long term. Free cash flow generation thus equates to more than 13% of sales over the past decade, which enables the Group to benefit from a significant financial and operational flexibility so that it can self-finance 100% of the development of its business.

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

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

On this basis, the Group believes that it is in a position to generate on a long-term basis a level of normalized free cash flow (calculated on the basis of a constant ratio of working capital to sales of 10% at constant scope of consolidation and exchange rates) as a percentage of sales of between 12 and 13%.

3.2.3.3 CAREFUL MANAGEMENT OF FINANCIAL PERFORMANCE ENABLING SIGNIFICANT VALUE CREATION

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

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

Synthetic key performance indicators

Two key performance indicators are measured for each country manager. First, the local market shares of each product family that drive profitability. Second, net economic profit after tax (NEPAT), defined as adjusted operating income less the cost of capital employed and after accounting for taxation.

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

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

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

Senior Management team and management who are accountable, experienced and motivated, particularly through compensation aligned with the challenges of creating value on short and long-term basis

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

Countries are run by managers who are true entrepreneurs. Management and management dialog between countries and the Group are based on strong responsibilities given to local managers, who are incentivized to create value on a long-term basis. The Group has also set up long-term performance-linked profit-sharing schemes involving over 1,700 beneficiaries in 2014 to drive value creation over the long term and increase the management team's loyalty to the Group (see sections 8.2 and 8.3 of this Registration Document). For the main managers of the Group, this system is dependent on future performance conditions and in addition to this, for members of the Executive Committee, it is also indexed to the stock price. For the latter, the maturity of the profit-sharing schemes is five years, reinforcing their interest in creating value over the long term.

In addition, the Group's current and former senior and main managers, and employees held 4.05% of the Company's share capital as at December 31, 2014.

Long-term "value creation"

During the period 2006-2014, the Group's capital employed[(1)] only increased by about 3% per year, while basic earnings per share rose by around 9% per year over the same period.

(1) Capital employed = (net debt + equity - investments in associates) adjusted for asset step-up related to the acquisition of Legrand France in 2002 net of deferred tax.

3.3 - A STRUCTURE SERVING THE GROUP'S STRATEGY AND CUSTOMERS

Legrand has manufacturing and marketing sites and subsidiaries in over 80 countries. Legrand's organizational structure is based on two distinct roles: firstly, sales and marketing activities (the Front Office); and secondly, activities connected to operations (Innovation, R&D, manufacturing, purchasing, and logistics) and general administration activities (the Back Office).

- The Front Office is organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers and end-users. The aims of this decentralized organizational structure, run by local managers, are to develop sales in accordance with the strategy set out by the Strategy and Development Department and approved by Senior Management, to raise commercial profitability, and to optimize the working capital requirements for each country.
- The Back Office, organized on a centralized basis, includes an Operations department, responsible for research and development, manufacturing, purchasing and supply chain, an Innovation and Systems department and functional departments (Finance and Human Resources). The aims of this organization, at Group level, are to optimize the industrial organization, to accelerate the development of new products, to keep capital employed under control and to adapt the Group's Back Office resources to the business.

3.3.1 - Front Office

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

3.3.1.1 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:

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

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

3.3.1.2 AN ECONOMIC CHAIN SUITED TO MARKET FLOWS

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

- Legrand's distributors are electrical and digital device and equipment distributors. These can be generalist distributors, the reference distribution channel for Legrand products because it offers broad expertise and unique coverage of the market, or distributors specialized in specific fields (IT, VDI, etc.), or even specific new distribution channels such as e-commerce. Sales to generalist and specialist distributors represented the vast majority of the Group's consolidated sales in 2014. Legrand's relations with its distributors are generally governed by the terms and conditions of sales specific to each local market.
- Electrical installers are professionals and individuals who buy, install and use Legrand's products. The professional category includes electricians, business-owners, panel builders, and industrial and commercial companies with a business activity connected to the installation of electrical products and systems.
- Product specifiers are the architects, decorators and design firms that fuel the 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.

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

3.3.1.3 A "PUSH-AND-PULL" STRATEGY

Sales and marketing are under the responsibility of the Front Office, where headcount accounted for 19% of Legrand's total headcount in 2014 (see section 5.6.2.2 of this Registration Document). Marketing efforts are focused on each level of the distribution chain (distributors, electrical installers, product specifiers and end-users), in accordance with the Group's "push-and-pull" strategy, the aim of which is outlined below. These efforts are primarily aimed at providing market players with information, training, and other services relating to the Group's entire range of products and systems, alongside sales. Legrand believes that making access to and use of its products easier for distributors, electrical installers and end-users enables the Group to create significant product and brand loyalty, and to generate demand for its products and systems at each level of the distribution chain.

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

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

Legrand's "push" strategy includes:

- *priority inventories*. In France, many distributors have agreed to maintain permanent inventories of certain Legrand priority products. In return, Legrand ensures not only that large amounts of non-priority finished products are held in its inventory, but also that flexible and reactive production enables it to fill its distributors' orders quickly. In the event of an emergency, products that are not stocked by distributors can be delivered anywhere in France within 24 to 48 hours via the "Dispo-Express" service;
- *inventory management*. In the United States, Wiremold and Legrand Data Communications, US subsidiaries of the Group, can access the inventory levels of some of their main distributors on a daily basis. If inventory levels drop below a pre-defined threshold, new inventories are prepared and shipped immediately;
- *intelligent sorting*. In order to optimize the logistics chain, Legrand pre-sorts its products before dispatching them to electrical equipment distributors in France, thereby anticipating the steps these distributors will have to follow in order to distribute the products to their agencies and clients. This value-added service, which is intended for the largest product flows, decreases the preparation work that the distributors have to perform themselves, reduces dispatch errors, and lowers handling costs, giving Legrand a competitive edge that is appreciated by its customers;
- *setting up international logistics platforms*. Legrand manages its international distribution via logistics platforms from which it dispatches its products. By reducing the distance between its products and customers, Legrand is improving the service provided, and significantly reducing delivery lead times. Legrand has installed logistics platforms in Asia, the Middle East and Eastern Europe. All these subsidiary-owned platforms and 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 in view of the protection of 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 2014, sales to Sonepar and Rexel accounted for approximately 23% of the Group's consolidated sales, although this percentage varied from country to country. Legrand believes that no other single distributor represented more than 5% of the Group's global sales in 2014. Other main customers of Legrand include, in particular, CED, Partelec, Comet, FinDea, Graybar, Wesco, Home Depot, Anixter, Lowe's and Bunnings.

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

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

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

Legrand offers training to local electrical installers and distributors. These training programs are designed to expand electrical installers' expertise and service offering by familiarizing them with the Group's latest product innovations and installation methods. The Innoval training centers offer more than 50 separate hands-on programs in different areas, ranging from home automation, the wiring of electrical cabinets, and fiber-optic cabling to installing security lighting systems, or providing training on current regulations and technical standards. In 2014, Innoval centers welcomed more than 5,000 visiting customers and almost 6,500 trainees. In addition, Legrand offers local training programs in many countries, including Italy, Brazil and the United Kingdom, as well as in Chile and Dubai, where training centers have been opened.

Legrand offers various software applications specifically designed to assist professionals daily depending on their activity (from architects to electricians) or project types. XLPro[3], one of the main business software applications offered by the Group, aimed at designers and manufacturers of energy distribution panels, makes it possible to plan the distribution and siting of the boards and to visualize and cost entire projects. LCS Pro[2] can be used to configure VDI cabinets, while *Je Chiffre et Je Vends* and *Chantier Chrono* can cost and manage lists of electrical equipment for home and small business-type projects.

Legrand also publishes e-catalogs on the websites of its various brands, making it possible to conduct *ad hoc* searches for technical, commercial and logistics data, certifications and installation tools, for all product categories. Legrand also offers online configurators in France and the United States in particular.

Lastly, Legrand offers applications for tablets and smartphones (including, in particular, e-catalog for the iPhone, Ma Maison Céliane, My Home Technical Guide and Drivia/XL[3]) facilitating searches for information on electrical installation products, configuration and costing.

Legrand promotes its products via marketing initiatives in particular toward 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. Since 2011, Legrand has been implementing innovative marketing and sales initiatives: the "Lab by Legrand" in Paris, where individuals, architects, decorators, distributors and electrical installers can experience the Group's high-end user interfaces in a unique setting, the multi-brand (*Legrand, Bticino* and *Vantage*) concept store, "B Inspired', in Brussels, and the Experience Center at West Hartford in the United States, where visitors enter a unique world of innovation and design. Finally Legrand is also developing its relationship with end-users by continuously strengthening its presence on social networks and more generally on the Internet, especially through its corporate website http://www.legrand.com and websites in local languages in most countries where the Group operates. In 2014, Legrand's videos on YouTube had over 12 million views, while there were more than 86 million views of pages on Legrand's and its subsidiaries' websites.

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

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

3.3.2 - Back Office

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

Since the first half of 2014, Legrand has created an Operations department to bring all of the group's industrial back office functions together under a single management, with three priorities:

- strengthen focus on strategic fields of activity for the group by creating 7 SBUs – Strategic Business Units – in charge of R&D and production;

- enhance productivity management with the constitution of a Group Operations Performance department; and
- improve supply-chain and purchasing efficiency by bringing them closer to operations.

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

STRATEGIC BUSINESS UNITS

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

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

The Strategic Business Units have the following objectives:

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

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

- incorporating these criteria into the design phase, specifically through the development of product platforms. These platforms notably enable the Group to make significant reductions in development time and the number of components used, and to increase the utilization rate of equipment. The platform concept, originally deployed for user interface, is being deployed in other product categories, such as UPS and VDI cabinets;
- streamlining and optimizing industrial sites;
- specializing some plants by product line or technology in order to reach critical mass and prevent the dispersal of resources and skills;
- systematically applying a "make or buy' approach to all new projects in order to determine whether to invest in new manufacturing assets or to outsource and thereby gain in flexibility and adaptability, while at the same time reducing the amount of capital employed; and
- deploying the best industrial practices to optimize productivity and capital employed.

More generally, the Group permanently seeks to optimize its costs structures and reduce its impact on the environment, manufacturing products as near as possible to the areas where they are marketed (such local manufacturing close to markets is reflected particularly in an overall quasi-balance between sales and costs in currencies.)

INNOVATION AND SYSTEMS

The role of the Innovation and Systems department is:

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

PURCHASING

Since 2003, Legrand has implemented a centralized purchasing policy to optimize its purchases and to reduce its consumption costs. The organization of the Group's purchases is characterized by:

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

This organizational structure has optimized purchasing by:

- consolidating purchases for the Group;
- purchasing raw materials and components in countries where costs are lower; and
- optimizing raw material and component specifications on an ongoing basis.

LOGISTICS AND SUPPLY CHAIN

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

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

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

This approach is based on dedicated tools and processes:

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

This system has enabled Legrand to reduce the ratio of inventory value to consolidated sales, from almost 17% on average between 1990 and 2002, to 14% on average between 2003 and 2014, and to guarantee a high-quality service to its distributors in terms of availability and flexibility, speed and adaptability.

3.4 - OTHER INFORMATION

3.4.1 - Suppliers and raw materials

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

In 2014, the main raw materials used to manufacture Legrand products were:

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

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

The table below sets out the relative share of the Group's raw material and component purchases as a percentage of Group sales for the 2013 and 2014 financial years:

(% of consolidated sales)	2014	2013
Raw materials	9.6%	9.7%
Components	23.1%	22.5%
TOTAL	**32.7%**	**32.2%**

3.4.2 - 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 relocating manufacturing close to its sales areas; by systematically implementing a "make or buy' approach on a Group-wide basis; and by applying industrial best practices in order to optimize productivity and capital.

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

- the Ospedaletto site which is leased; and
- the Boxtel, Eskisehir, Fairfied, Fort Mill, Huizhou, Madrid, Mumbai, Murthal, Pantin, Pau, Rancho Cucamonga, Santiago, Scarborough, Shenzhen, Sydney, Tijuana and Wuxi sites, which are rented.

At the date that the current Registration Document was filed, and to the best of the Company's knowledge, there are no significant charges on the property, plant and equipment described below.

Site or subsidiary	Size *(in thousand m²)*	Principal use	Location
France			
Legrand Limoges	194	Headquarters/Manufacturing/ Distribution/Administrative services/ Storage	Limoges and its region
Other French sites	270	Manufacturing/Administrative services/Distribution	Malaunay, Fontaine-le-bourg, Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont à Mousson and Belhomert
Verneuil	90	Storage	Verneuil-en-Halatte
Italy			
Bticino Italy	230	Manufacturing/Distribution/ Administrative services/Storage	Varese, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria and Reggio nell'Emilia
Portugal			
Legrand Electrica	25	Manufacturing/Distribution/ Administrative services/Storage	Carcavelos
UK			
Legrand Electric	30	Manufacturing/Distribution/ Administrative services/Storage	Scarborough, West Bromwich, Consett and Blyth
Spain			
Legrand España	30	Manufacturing/Distribution/ Administrative services/Storage	Madrid, Barcelona and Pamplona
Poland			
Legrand Polska	34	Manufacturing/Distribution/ Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	30	Manufacturing/Distribution/ Administrative services/Storage	Szentes
Slovakia			
Legrand Slovakia	10	Manufacturing/Distribution/ Administrative services/Storage	Kosice

Site or subsidiary	Size (in thousand m^2)	Principal use	Location
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/ Administrative services/Storage	Soest
United States and Canada			
Wiremold, Ortronics, Pass & Seymour, Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack, Nuvo and Lastar	200	Manufacturing/Distribution/ Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Fort Mill, Fairfield, Anaheim, Hickory and Dayton
Mexico			
Bticino de Mexico	46	Manufacturing/Distribution/ Administrative services/Storage	Queretaro and Tijuana
Brazil			
Legrand Brazil, Cemar, HDL, SMS and Daneva	80	Manufacturing/Distribution/ Administrative services/Storage	Caxias do Sul, Manaus, São Paulo, Aracaju and Vila Varela
Colombia			
Legrand Colombia	15	Manufacturing/Administrative services/Storage	Bogota
China			
Rocom, Legrand Beijing, TCL, Legrand and Shidean	115	Manufacturing/Distribution/ Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen and Wuxi
Russia			
Kontaktor and Firelec	110	Manufacturing/Distribution/ Administrative services/Storage	Ulyanovsk, Moscow
Australia and New Zealand			
HPM	40	Manufacturing/Distribution/ Administrative services/Storage	Sydney and Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS and Adlec Power	110	Manufacturing/Distribution/ Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry and Jhajjar
Malaysia			
Megapower	15	Manufacturing/Administrative services/Storage	Seri Kembangan
Netherlands			
Legrand Nederland and Aegide	40	Manufacturing/Administrative services/Storage	Boxtel and Veghel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/ Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap and Inform	60	Manufacturing/Administrative services/Storage	Gebze, Eskisehir and Istanbul
Saudi Arabia			
Seico	19	Manufacturing/Administrative services/Storage	Jeddah and Dammam

3.4.3 - Information by geographical area

Since Legrand's business is local, *i.e.* country-specific, its financial reporting is organized into five geographical areas.

Please refer to section 6.3.2.9 of this Registration Document for more information on business trends by geographical area over the past two years, and to section 5.6.2.2 of this Registration Document for a breakdown of the Group's average headcount by geographical area and by category (Front Office and Back Office).

3.4.4 - Competitors

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

- 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, General Electric, Honeywell, Panasonic, Schneider Electric and Siemens;
- specialized companies which mainly offer one or two product categories, like CommScope and TE Connectivity (VDI structured cabling), Aiphone and Urmet (door entry systems), Crestron and Nortek (home systems) Lutron (lighting control), Obo Bettermann (cable management), Panduit (VDI and cable management), Tyco (CCTV) and Emerson (UPS); and
- multi-specialist companies like Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira and Niedax in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada, and Chint in China.

RISK FACTORS 04

At the date of this Registration Document, the risks described below are those identified by the Group that could have a material impact on its business, financial position, results or its ability to achieve its objectives. Other risks not identified or seeming likely, on this date, not to have a material impact, may also have an adverse effect on the Group.

All of the risks and threats identified are analyzed on a regular basis as part of the risk management process outlined in the report by the Chairman of the Board of Directors (see section 4.6.2 of this Registration Document).

The review of the risk matrix, carried out twice a year, did not reveal any material changes in residual risk compared with the previous period.

The attached table summarizes the Group's key risks and the associated control systems put in place by Legrand. These consist of the natural or structural mitigation of risks linked to the Group's business or organization, or specific measures taken to reduce risk.

Risk factors	Structural risk reduction criteria and key measures taken
Industrial and commercial risks	
Environmental protection	■ Dedicated department and network of correspondents ■ "Limiting our environmental footprint", an aspect of the 2014-2018 CSR roadmap ■ ISO 14001 certification and environmental audits ■ Environmental reporting in line with Grenelle 2 and the Global Reporting Index ■ Integration of new acquisitions within one to three years
Business continuity	■ Broad geographic dispersion of industrial activities ■ Regular investments in modernization and maintenance of industrial facilities ■ Business continuity and crisis management plans ■ Joint audits with insurance companies ■ Worldwide insurance scheme for risk of damage and operating losses
Products	■ Quality policy ■ Structured customer service and tool for the centralization of customer complaints ■ Satisfaction surveys ■ Civil liability insurance scheme
Risks related to the business	
Construction sector	■ Global presence ■ Impact of new underlying trends ■ Monitoring business and profitability by geographic region
Competition	■ Investment in R&D and marketing ■ Cost control
Acquisitions	■ M&A team ■ Rigorous due diligence process involving world-renowned firms ■ A proven integration process based on multidisciplinary expertise
Suppliers	■ Systematic approach to supplier qualification ■ Responsible procurement policy ■ Multi-sourcing strategy ■ Supplier risk analysis and mitigation (interdependence, financial fragility, CSR-related risks) ■ Strategy of acquiring safety stocks or safeguarding supplies under specific contractual clauses ■ "Responsible Supplier Relations" accreditation
Customer credit	■ Specific reporting on outstanding customer receivables ■ Credit risk insurance scheme
IT system failure	■ Existence of business continuity and disaster recovery plan ■ Deployment of IT security guidelines ■ IT system security audits ■ Infrastructure and applications investment and maintenance
Human resources	■ Talent management process ■ Incentives and retention mechanisms for key employees ■ Integration support for new employees ■ Monitoring of quantitative and qualitative *indicators* via dedicated reporting

Risk factors	Structural risk reduction criteria and key measures taken
Internal control and non-compliance	
Legal risks	■ Internal control framework and self-assessment system ■ Group internal audit ■ Group compliance program ■ Systematic fraud reporting
Regulatory risks	■ Function responsible for monitoring regulations and standards ■ Group compliance program ■ Use of external experts
Intellectual Property	■ Dedicated function and network of correspondents ■ Occasional recourse to experts ■ Use of world-renowned consulting firms
Legal proceedings	■ Review of material legal proceedings
Financial risks	
Counterparty risk	■ Regular monitoring of counterparty ratings
Liquidity risk	■ Regular monitoring of debt repayment schedule ■ Available headroom
Market risks (interest rate, currency, commodity)	■ Fixed-rate borrowings ■ Natural hedging of currency risk ■ Sensitivity analysis for the cost of raw materials

4.1 - INDUSTRIAL AND ENVIRONMENTAL RISKS

Environmental protection

The main industrial processes that take place on Legrand sites around the injection and molding of plastic components, stamping of metal parts, assembly of plastic, metal and electronic components, and on a less frequent basis, painting or surface treatment of components. These activities may have an impact on their environment, although this impact is, by nature, limited.

Because of these activities, and like sites belonging to similar companies, some Legrand sites are subject to extensive and increasingly stringent environmental laws and regulations regarding a broad spectrum of issues including air emissions, asbestos, noise, health and safety, the handling of hazardous substances or preparations, waste disposal, and the remediation of potential environmental contamination.

Regulatory authorities could suspend Legrand's operations if it fails to comply with relevant regulations, and/or may not renew the permits or authorizations it requires to operate.

One of the commitments of Legrand's environment policy (see section 5.5 of this Registration Document) is compliance with the European Union's RoHS Directive and REACH regulation.

Moreover, Legrand may be required to pay potentially significant fines or damages as a result of past, present or future violations of environmental laws and regulations, even if these violations occurred prior to the acquisition of companies or lines of business by Legrand. Courts, regulatory authorities or third parties could also require, or seek to require, Legrand to undertake investigations and/or implement remedial measures regarding either current or historical contamination of current or former facilities or offsite disposal facilities. Any of these actions may harm the Group's reputation and adversely affect its business, results and financial position.

Legrand has designed and developed an environmental risk prevention and measurement policy. This policy includes regulatory monitoring supported by a network of environmental correspondents appointed at each Group industrial site who liaise with their functional equivalents in each SBU and at the Group's headquarters. In addition, Legrand deploys its environmental risk identification policy to back its ISO 14001 site certification process by identifying corresponding Significant Environmental Aspects (SEAs). Furthermore, environmental audits are conducted as needed on the Group's historic sites and during the process of acquiring new activities. Accordingly, some 216 audits were conducted in 2014 (146 internal audits and 70 audits carried out by third parties), the majority of which were directly associated with the ISO 14001 environment certification process of Group sites.

Any suspected or confirmed cases of pollution are reported to the Group through the use of specific environmental reporting (see chapter 5.5 of this Registration Document). It sets up provisions on its financial statements when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. These provisions amounted to €13.8 million at December 31, 2014, none of which was individually significant.

Industrial operations and business continuity

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

The likelihood that such events will occur and the overall exposure that could result for the Group are limited by the following factors and measures:

- the number and geographical dispersion of its industrial sites for all operating activities;
- regular investments in the modernization and upkeep of industrial plant and logistics assets;
- an active industrial and logistics risk prevention policy, comprising in particular business continuity and/or crisis management plans for the most strategic sites, to allow the maintenance or restoration of critical functions in the shortest possible time frame. As part of this policy, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire prevention installations and takes any action deemed necessary. In 2014, 38 visits were made to assess damage risk at the Group's facilities.

Finally, Legrand has taken out a global insurance policy to cover direct property damage and potential operating loss resulting from accidents (see section 4.5 of this Registration Document).

Risks related to the products sold

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

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

To address the issue of safety and standards, the Group deploys a worldwide quality program (see section 5.2.1.2 “Quality Policy” of this Registration Document).

In addition, the implementation of a structured customer service enables to identify product defects and take appropriate corrective action more quickly. Customer claims are systematically recorded and evaluated in real time using a single tool. If necessary, an instant alert procedure is set in motion with industry contacts and the team responsible for product expertise.

Legrand may also launch product recalls at its own initiative as a preventive measure and in the event that products could represent a material risk. In 2014, two product recall or withdrawal operations had to be carried out, compared with none in the previous financial year. For more details of these operations, see section 5.2.1.2. of this Registration Document.

Provisions for product risks totaled €17.6 million at December 31, 2014, compared with €15.8 million at December 31, 2013.

Customer satisfaction surveys on our product lines and service quality are conducted regularly by the Group, as described in section 5.2.1.2 of this Registration Document.

4.2 - RISKS RELATED TO LEGRAND'S BUSINESS

Market environment: the construction sector

The Group's business could be affected by the impact that changes in general and local economic conditions have on the building sector. The sale of Legrand's products is mainly determined by the demand for such products from electrical and digital equipment professionals and building contractors. This in turn is primarily a function of the level of activity in the renovation and new construction sectors for residential, commercial and industrial buildings. The sensitivity of activity in these sectors to changes in general and local economic conditions varies according to sector. The impact of these changes may vary in time and significance across the markets and geographic zones in which Legrand operates. As is customary in its sector, Legrand does not have a customer order book which allows it to accurately predict future demand for the Group's products. If the volume of sales should decline, Legrand's profitability could be affected because certain costs are fixed over the short term.

Consequently, generalized or localized economic downturns in the countries in which Legrand markets its products could have an adverse effect on its business, results or financial position. Legrand's operations are spread across the world's major markets, which limits the impact of an economic downturn in specific regions.

Furthermore, the Group's new businesses, which are driven by underlying social and technological trends, also limit this risk.

Finally, to anticipate these risks, the Group keeps a close eye on business trends and on profitability, working closely with its local managers (see section 3.2.3.3 of this Registration Document).

Competition

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

Due to their size, some of Legrand's local competitors, including some of those mentioned in section 3.4.4 of this Registration Document, may have superior financial and marketing resources. The Group's competitors may have the capacity and the ability to launch products with superior characteristics or at lower prices, to integrate products and systems more effectively than Legrand does, to secure long-term agreements with some of the Group's customers or to acquire companies targeted for acquisition by Legrand. Legrand could lose market share if it is not able to offer a broad product range, prices, technologies or quality which are at least comparable to those offered by its competitors or if it does not take advantage of new business opportunities arising from acquisitions. The Group's net sales and profitability could consequently be affected. Furthermore, in order to remain competitive, Legrand regularly launches new products that, if not well-received, could negatively affect Legrand's business in the countries where these products are launched.

Some competitors could benefit from better knowledge of their national markets and long-established relationships with electrical installers and, as a result, have a competitive advantage. In addition, as the market for the Group's products evolves towards systems that combine traditional equipment and computerized systems, increased competition from new market entrants could lead to a decline in the Group's sales, a loss of market share or an increase in its sales and marketing expenses, or research and development costs for the markets and products in question.

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

Legrand is aware of these risks and therefore engages in ongoing efforts in terms of its brand positioning, research and development and marketing, to increase the added value of its products, while maintaining a tight rein on costs and preserving its market share (see sections 3.2.2.1.1 and 3.3.3.2 of this Registration Document).

Acquisitions

The Group's growth strategy relies in part on the acquisition of local manufacturers that provide new technologies, new product lines, access to new markets and/or synergies with Legrand's existing operations. Legrand may not be able to consummate transactions or obtain financing on satisfactory terms, successfully integrate acquired businesses, technologies or products, effectively manage newly acquired operations or realize anticipated cost savings. Legrand may also experience problems in integrating acquired businesses, including the possible incompatibility of systems and business cultures and inconsistencies in procedures (including accounting systems and controls) and policies, the departure of key employees and the assumption of liabilities, particularly environmental liabilities. All these risks could have a material adverse impact on the Group's business, results and financial position.

A dedicated acquisitions team in the Sustainable Development and Strategic Processes Division works closely with country managers to identify appropriate targets and coordinates the acquisition process with the central departments – finance, legal, industrial, logistics and marketing (see section 3.2.2.2 of this Registration Document). Audits and due diligence are carried out prior to any planned acquisition, based where relevant on advice provided by outside consultants, in order to ensure in-depth examination of the target company's position. At every important stage of the process and according to a formal process, each planned acquisition is subject to validation reviews to confirm its advantages and to set the terms and conditions for its completion.

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

When these acquisitions are first consolidated in the financial statements, they result in recognition of goodwill or trademarks that can be significant. The value of these intangible assets is reviewed every year (see note 2.6 to the consolidated financial statements in chapter 9 of this Registration Document). A significant decline in the income of these companies could lead to recognition of impairment that could have a material adverse effect on Legrand's financial condition and results. The calculation assumptions used in impairment tests of goodwill take into account both known and anticipated trends in sales and results by CGU (Cash Generation Unit) at the time of calculation. Rates used can vary from one year to another depending on market conditions (risk premium, interest rates). As described in note 5 to the consolidated financial statements in chapter 9 of this Registration Document, and as in 2012 and 2013, Legrand did not record any goodwill impairment in 2014. The criteria for goodwill impairment tests are described in the same note, which also contains a sensitivity analysis of the main criteria.

Suppliers

The risk of supplier dependence is small; purchases from Legrand's top ten suppliers accounted for approximately 8% of total consumption (raw materials and components) in 2014 (versus 9% in 2013), with no single supplier reaching the 3% threshold.

Moreover, to ensure a secure source of supplies, Legrand policy calls for diversifying resources whenever a recognized risk of dependence is identified. Legrand thus makes the identification of alternative suppliers an integral part of its supplier risk analysis.

The geographical breakdown of supplies globally (by origin: France 17%, Italy 16%, Rest of Europe 17%, United States/Canada 16%, Rest of World 34%) is not assessed as a major risk factor (country or geopolitical risks) for the Group.

As explained in section 5.3.2 of this Registration Document, the Purchasing Department has introduced a systematic supplier certification and approval policy. It also carries out an annual multi-criteria supplier risk analysis covering, *inter alia*, the risks of interdependence, the financial capacity of suppliers, and CSR-related criteria. Suppliers presenting significant risk for the Group are identified and dedicated action plans drawn up (more stringent contracts, back-up inventories, alternative suppliers, etc.).

Since 2012, Legrand has had "Responsible Supplier Relations" accreditation, awarded to French companies demonstrating sustainable and balanced relations with their suppliers. The accreditation is granted for a three-year period based on an audit conducted by Vigeo[1] and is part of the ongoing application of the Charter of Intercompany Relations[2].

Credit risk

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

As discussed in note 8 (chapter 9) on trade receivables, a significant portion of Legrand's income is from sales to its two largest distributors, Sonepar and Rexel (sales to Sonepar and Rexel represented about 23% of sales in 2014). In addition, the portion of sales generated from the Group's ten biggest customers (including Sonepar and Rexel) represented around 31% of Group sales in 2014, as in 2013.

Therefore, Legrand can have a significant open balance on its trade receivables, which exposes it to the risk of customer insolvency or bankruptcy.

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

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

When the situation warrants it, the Group may resort to factoring or credit risk insurance which it has arranged with an international insurer.

Information systems

Legrand considers that optimum management of information infrastructures and systems enhances the efficiency, reliability and continuous improvement of the Group's operating and functional processes.

To this end, the policy of the Information Systems Department (ISD) is to integrate and manage all of the components of the value chain (purchasing, production, sales, logistics flows, etc.) in the company's resource management tools. Accordingly, and due to the number and scope of its international operations, Legrand requires multiple linked information systems.

The risk of failure of these systems (infrastructure and applications operated directly or through third-party service providers) and their security could hamper the Group's operations, affecting the smooth running of the business and the quality of its customer service. Such failures could originate inside (errors in configuration, obsolete systems, infrastructures not maintained, poor control of IT projects, malice) or outside the Group (viruses, cybercrime, etc.).

Legrand relies on specific skills within the ISD to handle these risks:

(1) *Vigeo is the leading European expert in the assessment of companies and organizations with regard to their practices and performance on environmental, social and governance ("ESG") issues.*

(2) *For more information on the Charter of Intercompany Relations, go to http://www.charte-interentreprises.fr/.*

- a team, dedicated to improving the quality and security of information systems, defines and implements policies specific to these areas: data backups and information security, data protection, and the dissemination to all employees of guidelines on the use of IT resources and information security, etc. This function is also responsible for conducting security audits of the Group's information systems, with the support of external service providers where necessary;
- project teams responsible for implementing information systems and infrastructure are organized according to established governance structures;
- support teams responsible for continuity of service of infrastructure and applications define the investment and maintenance programs required;
- an Infrastructure, Operations and Services team, which assists and monitors subsidiaries regarding both infrastructures and application projects.

An analysis of the risks of business-continuity or security failure is performed on five components of the Group's IT system (work stations, network, applications, infrastructure, rooms) so that business recovery and continuity plans can be regularly assessed in order to improve them.

With regard to security, customized protection and operating measures have been set up. In order to improve them and set an example, the IT security recommendations published by ANSSI (France's national agency for the security of information systems) in January 2013 were assessed within the Legrand Group and released in the form of "Security Plan".

Legrand endeavors to integrate control and audit systems to maintain optimum oversight of management tools. The correct use of these tools is checked regularly by general or specialist internal auditors.

Human resources

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

Legrand has developed a Human Resources policy to attract, retain and develop the expertise, talents and skills required for its business worldwide. In particular, it has rolled out programs to motivate and retain its key talent (see section 3.2.3.3. of this Registration Document), and established dedicated structures and processes to develop the Group's human resources, within the framework of its social and community commitments to sustainable development (see section 5.4.3 below).

Reporting of consolidated quantitative and qualitative data covering a broad scope is presented to Group management three times a year, under the responsibility of the HR Division. This reporting forms the basis of the social indicators summarized in section 5.6.2 of this Registration Document.

Internal communication is also 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 ("EVE" sessions for new hires) to share the Group's vision, strategy, culture and values;
- information media, such as the Dialeg Intranet and TV channel, Dialeg TV, featuring regular updates.

4.3 - INTERNAL CONTROL, COMPLIANCE AND LEGAL RISKS

Risks relating to internal control weaknesses and/or non-compliance

Legrand's international scope entails complex administrative, financial and operational processes trough entities with internal control at different levels of maturity, operating in different legal environments and using heterogeneous information systems.

As such, Legrand could risk the failure of its internal control system due to erroneous and/or inappropriate transactions or operations. The Company could also be the victim of internal or external fraud (theft, embezzlement, etc.). Internal control weakness could lead that an act of corruption is not prevented or detected. More generally, the Group's performance may be limited by inefficient processes.

In a bid to prevent a major failure in internal control, Legrand has defined a *corpus* of guidelines, rules, procedures and mandatory key controls which apply to all subsidiaries. These rules and procedures are regularly updated to keep in step with changes in Legrand's organization, processes and tools. The Company's fundamental principles also include an ethics component with requirements impressed upon all staff members. The internal control system is evaluated each year to ensure that it is being properly implemented. This is done via a self-assessment process (see section 4.6.2 of this Registration Document), as well as through regular reviews and audits.

In addition to internal control, the Group relies on the sustainable development policy described in chapter 5 of this Registration Document, which incorporates the roll-out and monitoring of a compliance program, overseen by a dedicated Compliance Committee (see section 5.3 of this Registration Document), which reports to the Risk Committee.

Furthermore, corruption and fraud prevention are two of the four pillars of the Group's compliance program. As part of this approach, each entity must assess its own risks of fraud and corruption and put in place the necessary controls. Legrand has implemented a systematic procedure for reporting fraud to the Internal Control Department so that the necessary corrective action can be taken. Employees and third parties also have access to a "whistleblowing hotline", which they can use to inform the Group's ethics officers (the Group Executive VP Legal Affairs and the Group Director of Human Resources) anonymously of any transgression of the Group's ethics rules.

Risks related to existing or future regulations and compliance with domestic and international standards

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

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

The Group cannot give assurance that it has been or will be at all times in compliance with such standards and regulations, that it will not incur material costs or liabilities in order to ensure compliance with such regulations in the future, or that it will be able to fund any such potential future liabilities.

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

In addition, in the majority of markets where it sells its products, Legrand is subject to local and international competition, embargo and export control regulations. Any issues regarding these regulations could have a material impact on the Group's business, reputation, results and financial position.

Given the potential risks of obstruction of the principles of competition law and non-compliance with international regulations on embargoes, export control and combating money laundering and terrorist financing, Legrand launched a Group-wide compliance program in 2012. This program is one of the objectives of the sustainable development roadmap 2014-2018 (see section 5.3.1 of this Registration Document).

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

Risks related to intellectual property

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

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

To minimize this risk, Legrand pays particular attention to defending its intellectual property, and relies on a dedicated team at its Sustainable Development and Strategic Processes Division.

This team monitors patents, designs, trademarks and domain names and takes joint action with other major market players in professional organizations such as Gimélec, IGNES, and ASEC.

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

Lastly, Legrand also uses external consulting firms to assist it in drawing up its patents or to defend its rights, working in close collaboration with the Group's own legal team.

A net total of €1,673.8 million in trademarks and patents is recognized in assets at December 31, 2014, compared with €1,645.0 million at December 31, 2013.

Risks related to litigation

The Group could face various types of dispute that could have a material impact on its reputation, financial position or cash flow.

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

The Group considers that no litigation currently in process, either individually or in aggregate, should have a material adverse impact on its business, results or financial position (see section 9.5 "Legal Proceedings and Arbitration" of this Registration Document).

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

4.4 - FINANCIAL RISKS

Counterparty, liquidity, currency and interest rate risk and the corresponding financial instruments are also described in note 22.2 on the management of financial risks, found in chapter 9.

Counterparty risk

The Group's exposure to financial counterparty risk is related to its cash surpluses, existing in the form of cash, bank deposits, short-term investments and hedging instruments set up by the Group. The Group seeks to place these assets with solid counterparties, regularly monitoring their external rating and objective market data, such as credit default swaps. The Group also selects leading insurance companies so as to restrict its counterparty risk (please refer to section 4.5 of this Registration Document).

Liquidity risk

The banking and financial indebtedness of the Group is described in section 6.5.2 of the management report, as well as in note 14 to the consolidated financial statements in chapter 9 of this Registration Document.

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing in terms of origin and maturity. This constitutes the basis of the funding policy implemented by the Group. Although in the past the Group has demonstrated its capacity to generate significant levels of free cash flow enabling it to finance its growth, its capacity to comply with the covenants stipulated in certain loan agreements and to refinance or repay its borrowings according to the provisions thereof, will depend on its future operating performance and could be affected by various factors beyond the Company's control (economic environment, conditions of the debt market, regulatory changes, etc.).

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

The debt repayment deadline is very closely monitored (spread of refinancing and anticipation of maturities against a backdrop of volatile markets), as is headroom (immediately available financing).

At December 31, 2014, Legrand's total net debt, which amounted to €855.6 million, was financed by credit lines maturing at the earliest in 2017 and at the latest in 2025. The average maturity of gross debt is six years. At the same date, available credit lines totaled €900 million. There are no covenants associated with the credit lines.

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

However, the Group has a structurally high level of Free cash flow, amounting €607.4 million in 2014. At December 31, 2014, cash and marketable securities totaled €729.1 million.

Market risks

INTEREST RATE RISK

The Group is exposed to risks associated with the effect of interest rate rises (see note 22.2.1 to the consolidated financial statements in chapter 9 of this Registration Document).

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

Swap agreements entered into between Legrand and credit institutions could provide that the swap counterparty requires

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Legrand to post collateral into a pledged or restricted account equal to its net liability determined on a marked-to-market basis, pursuant to the provisions of the relevant hedging agreement. On the date of filing of this Registration Document, Legrand is not engaged in interest rate swaps.

CURRENCY RISK

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

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

Natural hedges are preferred, for example by seeking a balance between the distribution of net debt by currency and operating income by currency.

The details regarding the exchange rate risk are discussed in note 22.2.2 to the consolidated financial statements in chapter 9 of this Registration Document.

COMMODITY RISK

Legrand is exposed to the risk generated by changes in the prices of raw materials, which are listed under section 3.4.1 of this Registration Document. Legrand may not immediately or in the long term be able to pass on increases in costs of raw materials and components through price increases on its products. Its costs could therefore increase without an equivalent increase in sales.

The sensitivity analysis on the price of raw materials, carried out regularly, is discussed in note 22.2.3 to the consolidated financial statements in chapter 9 of this Registration Document. For the 2014 financial year, purchases of the raw materials used totaled approximately €430 million.

No specific financial hedging instrument was used in 2014.

RISKS RELATED TO PENSION BENEFIT OBLIGATIONS

In most of the countries where Legrand operates, its subsidiaries have pension benefit obligations to their employees. These obligations can be 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. The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

Defined-contribution plans are plans where the Group pays defined contributions to a separate entity. Thus, the Group has no legal or implied obligation to pay new contributions if the fund does not have enough assets to pay benefits to all employees for their years of service in the current period and prior periods.

Other Group employees are covered by defined-benefit plans provided by the Group. They are funded by external capitalization, in accordance with applicable local regulations.

Accordingly, the Group's commitments for retirement and other post-employment benefits for its employees amounted to €352.8 million at December 31, 2014, covered by investments totaling €169.1 million, equating to a latent provisioned funding differential of €183.7 million.

Changes in market parameters could change the amount of the latent funding deficit, as well as the annual charges relating to defined-benefit plans. Their valuation is based on actuarial calculations, the main assumptions for which are set out in note 16 to the consolidated financial statements in chapter 9 of this Registration Document.

4.5 - INSURANCE POLICY

Legrand has taken out global insurance policies to cover its assets and income from identifiable and insurable risks. The most appropriate solutions that offer the best value for money in terms of the coverage provided are sought in the insurance market, working closely with brokers.

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

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

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

Legrand believes that the coverage offered by these insurance programs is adequate in scope, amounts insured and limits of cover. The Group'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).

Civil liability

The global, integrated "civil liability" program covers possible claims arising from the Group's liability for physical injury, material damage and consequential loss arising during production or after product delivery, as well as damages arising from accidental pollution. More specifically, these policies cover the costs of removal/reinstallation, product withdrawals or recalls, damage to property of assets and pollution control expenses.

The limit on this civil liability coverage (subject to the usual sub-limits) is €90 million per claim and per insurance year.

Property damage and operating loss insurance

Property damage/operating loss insurance covers (subject to the usual deductibles, exclusions and cover limits) direct material damage arising from any event of a sudden and accidental nature (such as fire, storm, explosion, electrical damage, water damage, etc.) affecting the insured property, as well as the resulting operating losses.

This insurance program includes a master insurance policy and local policies in the countries where the Group is present. The plan offers a contractual global maximum indemnity per event (combining direct property damage/operating losses) of €500 million with additional limitations notably for certain liabilities, such as naturally occurring events or machine breakage, for example.

The Group's current insurance program covering property damage and operating losses is with the mutual insurance company FM Insurance Company Ltd. (rated A+ by AM Best and AA by Fitch). In addition to this insurance program, and as indicated in section 4.1 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, drawing on the expertise of FM Global, which has a global reputation for its expertise in prevention engineering. Hence, Legrand intends to continue the awareness and risk prevention campaigns in its operating entities, as part of the Group's broader sustainable development policies.

Other cross-sector risks insured

The Group's other main insurance programs cover the following risks: D&O (Directors' and Officers') liability, employer's liability, and credit insurance.

4.6 - REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

The Chairman's report relating to corporate governance, risk management and internal controls is drawn up pursuant to Article L. 225-37 of the French Commercial Code (*Code de commerce*), under the responsibility of the Chairman of the Board of Directors.

This report was prepared with support from the Group Finance Department, in particular the Internal Control and Finance Control Department and the Legal Department. It results from discussions with the main contributors involved in internal control and risk management within the Group, with the Company's Statutory Auditors and with members of the Audit Committee.

The report was drawn up bearing in mind applicable legislation, recommendations issued by the French Financial Markets Authority (AMF) on corporate governance, internal control and audit committees, the reference framework published by the AMF on risk management and internal control, principles of coporate governance and recommendations made by AFEP and MEDEF, as well as market practice among listed companies.

The report was then subjected to examination by the Audit Committee on February 9, 2015 for its section on "Risk management and internal controls" before being reviewed by the Nominating and Compensation Committee chaired by the Lead Director for its section on "Corporate governance", on February 25, 2015.

The Chairman's report was approved by the Board of Directors on March 18, 2015.

4.6.1 - Corporate Governance

Under French law, certain aspects of corporate governance are to be reported in the Chairman's report on corporate governance, risk management and internal controls. Such aspects of corporate governance are disclosed in several sections of the Company's Registration Document, as mentioned in the following chart, and are incorporated by reference into this Chairman's report:

Information relating to corporate governance requested under Article L. 225-37 of the French Commercial code	**Heading of the section of the Company's Registration Document disclosing the information requested under Article L. 225-37 of the French Commercial code**	**References**
Composition of the Board of Directors and application of the principle of gender equality with a view to guaranteeing balanced representation of men and women	Section 7.1.1.1 **"Composition of the Board of Directors"** of the Company's Registration Document	Pages 138 *et seq.* of the Company's Registration Document
	Section 7.1.3.1 **"Composition of the Board of Directors' specialized Committees"** of the Company's Registration Document	Pages 156 *et seq.* of the Company's Registration Document
Preparation and organization of Board of Directors work	Section 7.1.1.2 **"Functioning of the Board of Directors"** of the Company's Registration Document	Pages 148 *et seq.* of the Company's Registration Document
	Section 7.1.2.2 **"Functioning of the Board of Directors' specialized Committees"** of the Company's Registration Document	Pages 158 *et seq.* of the Company's Registration Document
	Section 7.1.1.3 **"Work done by the Board of Directors in 2014"** of the Company's Registration Document	Pages 152 *et seq.* of the Company's Registration Document
	Section 7.1.2.3 **"Work done by the Board of Directors' specialized Committees in 2014"** of the Company's Registration Document	Pages 162 *et seq.* of the Company's Registration Document

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Information relating to corporate governance requested under Article L. 225-37 of the French Commercial code	Heading of the section of the Company's Registration Document disclosing the information requested under Article L. 225-37 of the French Commercial code	References
Potential limits on the powers of the Chief Executive Officer	Section 7.1.4 **"General Management of the Company"** of the Company's Registration Document	Pages 163 *et seq.* of the Company's Registration Document
Formal reference to a code of corporate governance	Section 7.1 **"Administration and management of the Company"** of the Company's Registration Document	Page 138 of the Company's Registration Document
Provisions of the code of corporate governance with which the Company is not in strict compliance and related explanations		Table summarizing recommendations with which the Company is not in strict compliance, page 138 of the Company's Registration Document
Indication as to where the code of corporate governance may be accessed		Page 138 of the Company's Registration Document
Formalities for shareholders' participation in General Meetings	Conditions for participation in the Company's General Meeting are outlined in Article 12 (**"General Meetings"**) of the Company's Articles of Association (available on the www.legrand.com website) and in section 10.3.5 **"General Meetings"** of the Company's Registration Document	Page 261 of the Company's Registration Document
Principles and rules set by the Board of Directors for determining the compensation and benefits of Executive Directors	Section 7.2.1 **"Principles and rules for determining the compensation and benefits of Executive Directors"** of the Company's Registration Document	Pages 166 *et seq.* of the Company's Registration Document
Factors likely to affect the outcome of a public offer	Readers are invited to refer to the management report, which contains factors likely to influence a public offering. This report can be found in Appendix 2 of the Company's Registration Document	Pages 290-291 of the Company's Registration Document

4.6.2 - Risk management and internal controls

4.6.2.1 FRAMEWORK, DEFINITIONS, PURPOSES AND ORGANISATION

Framework

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

Scope of action

The Legrand Group's internal control system covers all controlled companies that fall within the Group's scope of consolidation. No entity is excluded from the scope. The Group ensures that internal control and risk management are performed effectively throughout its subsidiaries. Newly acquired companies are subjected to a first audit by the Group Internal Audit team within the first few months following acquisition, and included in the internal control system as part of their docking process.

The scope of application of internal control is regularly updated, to ensure a closer tie between the risk control system and the Company's strategy and objectives, and so as to get it incorporated into every component element of the Company.

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 Company's objectives or its reputation.

Risk management involves a dynamic system comprising a set of means, behaviours, procedures and actions suited to the Group's special features, to enable management to contain risk at a level considered acceptable by the Company.

Risk management is a duty of all parties involved within the Group. It seeks to be comprehensive, so as to cover all of the Company's activities, processes and assets.

Risk management is considered as a company management leverage tool, it aims to:

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

Definition and purposes of internal controls

The Legrand Group's internal control system consists of a set of means, behaviours, procedures and actions suited to the Group's special features and which:

- contribute to control of its business, the effectiveness of its operations and the efficient use of its resources; and
- enable it to take appropriate account of significant operational, financial and compliance risks.

The internal control system aims to:

- ensure compliance with applicable laws and regulations;
- ensure the enforcement of instructions and of targets set by the General Management;
- guarantee the proper functioning of the Company's internal processes, especially those that contribute to the protection and safeguarding of its assets;
- support both organic and external growth;
- contribute to the optimization of processes and operations;
- provide assurance of the reliability of financial and accounting information.

Resources allocated to internal controls

The Group's Internal Control Department coordinates and organises monitoring of the internal control and risk management system, using tools including risk mapping, the internal control framework, the self-assessment process, audits and action plan follow-up. The Internal Control Department is also a contributor to the Group's compliance programme.

Assigning these tasks to a single department ensures consistent methodology and constant adaptation of audit procedures to the internal control risk areas.

For a dozen Group entities including the largest ones (France, Italy, United States, Brazil, Russia, India, China, etc.), the Group's Internal Control Department relies on local internal controllers who steer the approach in their respective units. In smaller subsidiaries, internal control is the responsibility of each unit's Financial Manager.

In the Group as a whole, a total of around 20 staff members are fully dedicated to internal controls in 2014.

The manager in charge of this function has direct access to the Chairperson of the Audit Committee with whom he confers independently in the context of Audit Committee meeting preparations. The fact that he reports directly to the Chairman and Chief Executive Officer ensures he enjoys the required authority within the Company.

Other key contributors

Aside from the Internal Control Department, which is specifically assigned to this topic, other key contributors include:

- the General Management, involved in the overall design and steering of the Group's internal control system;
- the Group's governance bodies, especially the Audit Committee whose assignment includes monitoring the effectiveness of the system;
- the Finance Department in general, and especially Financial Managers appointed in the Group's various subsidiaries, who play an ongoing role in organizing the control environment and ensuring compliance with procedures;
- managers at all levels of the organisation who are responsible for steering the internal control system in their particular area.

Limitations

It should be noted that the internal control mechanism, however well designed and carried out it may be, cannot provide an absolute guarantee that the Group's targets will be met and that every risk, particularly of error or fraud, will be fully controlled or eliminated.

4.6.2.2 COMPONENTS OF THE INTERNAL CONTROL AND RISK MECHANISM

Risk management

Organizational framework

The Group's risk management policy defines the aims of the system, and the process for identifying, analyzing and dealing with risks.

The Internal Control Department ensures the policy is enforced and coordinates the process by:

- leading Risk Committee meetings and conducting risk mapping exercises;
- designing risk indicators together with risk owners (*i.e.* the Group's functional departments), and monitoring these indicators;

- monitoring action plans implemented under the responsibility of the risk owners;
- performing targeted audits to make sure the mechanisms designed to control identified risks operate effectively.

This general approach is overseen and monitored by a Risk Committee which is chaired by the Group's General Management and comprises representatives from the functional departments. The Risk Committee met twice in 2014, in application of its usual half-yearly rhythm.

The Audit Committee is also kept informed of all issues. In particular, the policy for assessing and dealing with risks is discussed every year at a meeting with the Audit Committee, during which major risk factors are reviewed and reevaluated as appropriate, in light of risk factors external to the Company and determined by its economic, geopolitical, social and technological environment. A presentation is subsequently made to the Board of Directors.

Risk management procedures

The Group's risk management procedure involves three stages:

1) risk identification: this takes place at all levels of the Group's value chain. A detailed risk framework has been drawn up, which is updated regularly, using data gathered from the Group's main senior executives ("Top-Down") or using contributions from Group subsidiaries or functional departments ("Bottom-Up") via the circulation of a questionnaire for self-assessment of risks, which was forwarded to the Group's main subsidiaries, covering 90% of overall sales. Its consolidated results were presented to the Risk Committee;
2) risk analysis and assessment: this is performed on the basis of indicators that are defined and validated by the Risk Committee (KRI – Key Risk Indicators). These indicators, produced using historic and prospective data, are tracked by the relevant functional departments and fed back to the Internal Control Department in charge of coordinating the process. Risks are then assessed and ranked according to the probability of their materialization and their potential impact, assessed on the basis of a homogeneous set of criteria. The assessment is made on a "gross" basis (prior to the risk control mechanism) and on a "net" basis (after the risk control mechanism). This risk map is presented to the Risk Committee for discussion and approval. Specific risk analyses may occasionally be requested from subsidiaries and functional departments, as was the case in 2014 in the context of deployment of the Group's compliance programme;
3) risk treatment: this can take the form of reduction, transfer, or acceptance of a risk. The measures are decided upon and shared between the Group's Risk Management and Internal Control Department and the risk owners identified among the functional departments. The Risk Committee validates the procedure for dealing with the main risks and monitors the progress of action plans.

Internal controls

Control environment and Group values

The Group's internal control environment is based on two fundamental pillars:

- an organizational and hierarchical structure enabling a clear definition of responsibilities;
- the Group's values, formally enshrined in charters which have been widely circulated among its teams and endorsed by all, especially the very first value, ethical behaviour. These values are conveyed by the Code of Ethics, the principles of which are detailed in the Group's Charter of Fundamental Principles and in its Application Guide, and disseminated throughout the Group by a network of Ethics representatives.

The risk management process continually feeds into the internal control scheme, which thereby adapts in response to developments in the Group's risk environment. The risk management process is fully outlined above.

Communication and information

The Group has adopted processes and procedures ensuring timely, reliable communication of relevant information to the parties concerned. The reporting structures which exist for all the Group's major business processes, enable the gathering and circulation of relevant information at the various levels of the company, and ensure that a shared language exists between the Group's different organizational levels (subsidiaries and functional departments). Examples are provided by the annual budget process, the monthly and quarterly country performance reviews, and the various reporting schemes (financial, human resources, Corporate Social Responsibility, etc.).

The internal control processes in place within the Group and their potential developments are presented annually to the Audit Committee.

The audit programme gives rise to reports concerning the areas subjected to audit. These reports are issued to the General Management, and a summary is presented to the Audit Committee on a quarterly basis.

In the event of fraud, it is mandatory that a detailed form specifying the circumstances and amounts at stake be forwarded to the Group's internal control management, for validation of the proposed action plans. If this occurs, the Audit Committee is informed.

There is also an ethics alert hotline enabling employees and third parties to inform the Group's ethics officers (the Group Executive VP Legal Affairs and Group Executive VP Human Resources) anonymously of any breach of the Group's rules of ethics.

Internal control activities

The Group's internal control and risk control operations (procedures and controls) are defined in an internal control framework that is updated regularly. There is online access to this internal control framework on the Group's intranet, as well as to all of the legal, financial, management and accounting rules applied by the Group.

Internal control activities, particularly critical controls, are revised annually, using a self-assessment scheme which is mandatory for all entities and supported by a dedicated tool. According to entity size, the scheme combines the completion of a questionnaire and more detailed tests on controls for the larger entities.

The self-assessment scheme addresses questions concerning the internal control environment, critical controls focused on the main Group processes (*e.g.* Purchasing, Sales, Inventory management, Payroll, Fixed assets, etc.) and their potential implications in accounting and financial terms, as well as control of major risk factors in terms of compliance, business continuity plans, etc. Beyond the register of essential and mandatory critical controls, the scheme is adapted in line with developments in terms of risks and the Group's control environment. In 2014, for instance, the questionnaire was extended to include five questions designed to help ensure correct deployment of the Group's compliance programme throughout the entities concerned, in line with the objectives of the 2014-2018 CSR Roadmap.

Work took place in 2014 aimed at enhancing the relevance and effectiveness of the self-assessment scheme as applied to the largest entities. The resulting new scheme will be deployed in 2015.

The results of these questionnaires and tests are systematically reviewed, consolidated and analysed by the Internal Control Department.

The 2014 self-assessment campaign showed a satisfactory level of internal control, with Group entities presenting an overall conformity rate of 87% with the minimum requirements of the internal control scheme. The Group estimates 90% to represent a fully satisfying conformity rate.

The dedicated tool also includes a module for steering action plans identified by subsidiaries.

Steering and auditing

Regular audits by the Group's internal auditors and financial controllers ensure that Group procedures are properly implemented and enforced. The audit plan, which is reviewed annually, ensures a reasonable rotation of audits on key processes and critical controls in all of the Group's country entities and its functional departments. It also takes into account major and emerging risks. For example, the 2015 audit plan includes a cross-departmental audit on control mechanisms related to embargoes. The audit plan is presented annually to the Audit Committee.

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

An information systems auditing team has also been set up, which performs audits jointly with the Group Internal Audit Department.

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

4.6.2.3 PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Internal controls applied to accounts and finance must meet the following objectives:

- guarantee that the accounting and financial information published complies with regulations;
- ensure that instructions issued by the Group's General Management are applied, where such information is concerned;
- preserve the Group's assets;
- detect and prevent fraud and accounting irregularities insofar as possible;
- guarantee the reliability of financial information and internal accounts, as well as the information disclosed to the markets.

Main contributors:

- General Management, by setting up and structuring the Group's internal control system, as well as preparing financial statements for approval and publication;
- the Board of Directors which approves the financial statements, based in particular on the work of the Audit Committee;
- the internal audit team, which, through its work, supplies various recommendations to General management and to the Audit Committee on areas for improving internal control applied to accounts and financial statements;
- external auditors who, through their work, express an independent opinion on published consolidated financial statements.

Control mechanism for accounting and financial information

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

Financial managers in subsidiaries

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

Group finance control

The Group Finance Control Department, which reports to the Group Finance Department, plays an important role in the monitoring and control of subsidiary performance. It coordinates the preparation of annual budgets and regularly performs in-depth review of achievements and estimates. This work relies on reporting and budget rules, which can be found in the internal control procedures manual.

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

Corporate financial analysis

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

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

Cash flow management

The Treasury Department reports to the Group Finance Department.

Cash flow is monitored through specific Group procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department. All bank accounts are managed in accordance with the Group's Treasury Department, ensuring a degree of overall consistency in relationships with banks.

Information systems

The Information Systems Department reports to the Group Finance Department.

In order to decrease risks relating to reliability of accounting and financial data processing, Legrand has implemented a full set of IT procedures to mitigate security risks and data back-up plans.

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

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

4.6.3 - Company financial ratings

At December 31, 2014, Legrand was rated as stable outlook A- by financial rating agency Standard & Poor's.

This information is disclosed in accordance with the Afep-Medef Code of Corporate Governance recommendations.

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4.7 - STATUTORY AUDITOR'S REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE

Statutory Auditors' report prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand

This is a free translation into English of the Statutory Auditors' report issued in the French language 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 auditing standards applicable in France.

Year ended December 31, 2014

Legrand

Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

To the Shareholders,

In our capacity as Statutory Auditors of Legrand (the "Company"), and in accordance with Article L.225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine, March 18, 2015
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard Sattler	Jean-Marc Lumet

05 CORPORATE SOCIAL RESPONSIBILITY (CSR)

5.1 - THE GROUP'S CSR STRATEGY

Corporate Social Responsibility (CSR) is an integral part of Legrand's development strategy. Its aim is the **sustainable use of electricity by everyone**, driving improvements for all stakeholders involved in Legrand's activities.

As such, CSR is integrated within Legrand's businesses with a view to delivering profitable and sustainable business growth. It involves the entire organization: all Group entities and subsidiaries are stakeholders of the CSR strategy and are responsible for implementing it worldwide. The CSR strategy offers a response to the economic, social and environmental changes faced by Legrand.

In addition to chapter 5 of this Registration Document, readers are encouraged to view the latest information, data and examples posted at www.legrand.com/EN.

5.1.1 - Priority issues and 2014-2018 roadmap

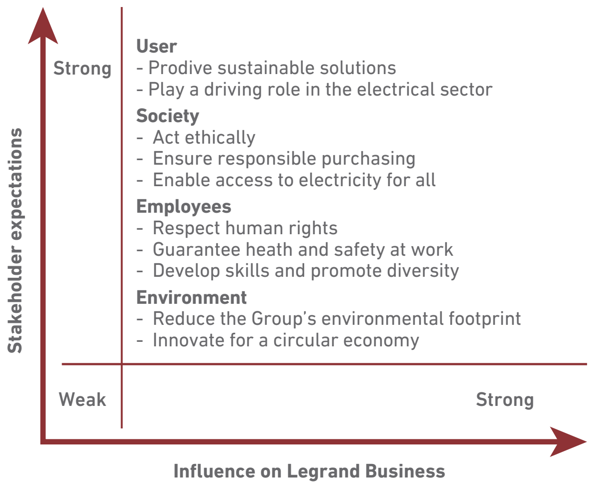
Legrand's CSR strategy is based on four key principles:

1) **offering sustainable solutions to users**: continuously innovating to provide sustainable solutions and drive progress within the electrical industry;
2) **acting ethically towards society**: observing the rules on business ethics, particularly with suppliers, and promoting sustainable access to electricity for all;
3) **committing to the Group's employees**: respecting Human Rights, diversity, and health and safety all over the world, and recognizing the talent of each individual;
4) **limiting the Group's impact on the environment**: protecting the environment, chiefly by reducing energy consumption.

These four principles, in turn, consist of priority issues, or topics on which the Group focuses its CSR efforts. An issue is a priority:

- if it is relevant to Legrand – in other words, if it is closely related to Legrand's businesses and values and linked to the social challenges facing the electrical industry and Legrand's stakeholders;
- if it is important for Legrand – in other words, if the issue affects a significant part of its business (such as its sales and workforce), and if it drives progress among Legrand's key stakeholders;
- if Legrand considers that it has room for improvement in terms of its performance on this issue.

The materiality test carried out by Legrand in 2013 based on ISO 26000 recommendations (determining priority action areas) identified the **10 key issues** facing Legrand and its stakeholders and which Legrand must address as a priority for the period 2014-2018. These issues most notably place the user and the user's needs at the very heart of Legrand's concerns.



Since 2007, Legrand has defined and coordinated its CSR strategy through multi-year roadmaps, built around the key issues of this strategy and their performance indicators. The first two roadmaps covered the periods 2007-2010 and 2011-2013. In early 2014, the results of the second roadmap were published in the 2013 Registration Document. They were also presented at the 2014 Shareholders' General Meeting. Almost 86% – or 24 out of 28 – of targets were achieved[(1)].

In 2014, Legrand continued this trend by publishing its third CSR roadmap for the period 2014-2018. Compiled from the results

(1) To view the presentation at the 2014 Shareholders' General Meeting, visit our website at www.legrand.com/EN.

of its materiality analysis, the roadmap is built around the four principles and the ten key issues described above. It identifies 21 priorities for its various businesses and entities, to be achieved during the period 2014-2018 (these priorities are detailed in section 5.1.3.2 of this registration document).

Please refer to section 5.1.3.2 of this Registration Document for the entire 2014-2018 roadmap, together with the progress indicators at the end of its first year of implementation.

5.1.2 - A structured approach

Legrand's CSR strategy and its 2014-2018 roadmap are defined based on a series of guiding principles:

- the completion of previous roadmaps, furthering Legrand's longstanding commitments while taking into account new issues emerging from developments affecting Legrand's businesses and the economic, social and environmental context surrounding them;
- discussions with internal and external stakeholders have been taken into account for the definition of the priorities of the roadmap;
- factoring in regulatory and legislative requirements for CSR ("hard law" and "soft law").

This approach represents a medium-term commitment for Legrand as a responsible player within its economic and social environment.

DIALOGUE WITH LEGRAND'S STAKEHOLDERS

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

- its historical involvement with players in the electrical sector;
- its culture of social dialogue;
- discussion with local communities;
- being receptive to their needs so that Legrand can respond accordingly.

Discussions involve the eight key stakeholders identified by Legrand, namely:

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

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

The activities of the Group's subsidiaries, functional departments and strategic business units (SBUs) are part of an approach involving reciprocity and dialogue with their customers, suppliers, employees and partners. This approach encourages knowledge-sharing and dialogue on CSR. For example, Legrand is involved in studies, surveys and round tables, both in and outside the industry, to help share its own practices with less mature players. As such, the Group is involved with CSR committees set up within professional bodies (GIMELEC, FIEEC, etc.), the Club des Directeurs du Développement Durable (C3D), and the annual survey of the Centre Français d'Information sur les entreprises (CFIE).

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

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

REGULATORY CONTEXT: "HARD LAW" AND "SOFT LAW"

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

- the Universal Declaration of Human Rights;
- the Declaration of the International Labour Organization (ILO);
- Global Reporting Initiative (GRI) guidelines and ISO 26000, which are also the tools used to evaluate the Group's strategy;
- the obligations under Article 225 of Act No. 2010-788 of July 12, 2010 establishing the national commitment to the environment ("Grenelle 2 Law") This article requires CSR information to be made public and introduces a mandatory audit of this information by an independent third party. The Legrand Group's response to these requirements is detailed in this Registration Document. The relevant chapters are shown in

the cross-reference table below and the certification report is presented in chapter 5.7.

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

- **the Charter of Fundamental Principles**, which lays down the rules on how to behave and conduct business and which incorporate the principles of anti-corruption and respect for Human Rights. The text has been translated into a dozen languages, including Chinese and Russian, and is accompanied by a practical guide;
- **the Fair Competition Charter**, which defines the rules on compliance with competition law;
- **the Guide to Good Business Practice**, which focuses on preventing corruption and fraud. Other matters relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also covered;
- **the Prevention Charter**, which sets out the key principles of Legrand's health and safety policy. It defines three principles: compliance with national legislation and regulations, incorporation of safety into the industrial policies, and the harmonization of prevention strategies;
- **the Environment Charter**, which sets out the requirements and fundamental aspects of the Group's environmental strategy;
- **the Quality Policy**, which sets out Legrand's principles regarding the quality of its products.

The promotion and dissemination of these documents is carried out locally through ethics and environmental correspondents, and human resources and prevention managers.

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

Furthermore, Legrand has been a signatory of the Global Compact since 2006. The Group's General Management continuously reaffirms this commitment, regularly submitting a "Communication On Progress" (COP) on how the Group upholds its commitments under the Global Compact.

CONFIRMATION OF THE GROUP'S COMMITMENT TO THE GLOBAL COMPACT

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

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

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

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

Gilles Schnepp

Chairman and Chief Executive Officer, Legrand Group

The cross-reference table between the principles of the Global Compact and the chapters of the Registration Document can be found in chapter 5.6 of this document.

5.1.3 - CSR governance and performance management

5.1.3.1 CSR GOVERNANCE

The Sustainable Development Department at Legrand forms part of the Strategy and Development Department. It is responsible for managing and deploying the Group's CSR strategy.

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

For example, the themes of corporate governance related to business ethics are overseen by the Legal Department, which reports to the Finance Department. The themes related to Human Rights are overseen by the Sustainable Development Department and the Human Resources Department.

In addition, a network of 60 ethics correspondents is deployed in the subsidiaries. This is responsible for providing local guidance on the proper application of the Group's principles, and for flagging issues that merit priority attention by the Group.

A **CSR Steering Committee**, composed of all the functional departments, strategic business units and main country departments, meets three times a year with the Chairman and Chief Executive Officer to approve and follow up on the actions of the Group CSR strategy.

Within Legrand's Board of Directors, the **Committee on Strategy and Social Responsibility**, composed of four directors, two of them independent, guarantees that the Group's strategy remains compliant with CSR requirements. Once a year, the Sustainable Development Department presents the previous year's CSR results to the committee, together with the targets for the coming year (see section 7.1.3 of this Registration Document).

This organizational structure gives Legrand's General Management coherent oversight of its CSR actions in Group entities. It allows the CSR strategy to be adapted and deployed coherently and applied to all entities, following set rules and gradually integrating new acquisitions.

Finally, in accordance with Article 225-102-1 of the French Commercial Code (Grenelle 2 Law), the content of this chapter has been audited by an independent third party for 2014. This task was assigned to one of the Group's Statutory Auditors, Deloitte & Associés, which has produced a statement of completeness of the CSR information and a reasoned opinion on its fairness (for more details on this statement, see chapter 5.7).

5.1.3.2 PERFORMANCE MANAGEMENT

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

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

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

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

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

For more information on the Group's reporting tools, see chapter 5.6 of this Registration Document.

The 31 indicators mentioned above are deployed at two levels:

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

Approximately 10% of the above-described local CSR performance is included in the measurement of subsidiary directors' individual performance. At the end of 2014, the CSR performance levels of some sixty reporting scopes (subsidiaries, regions or entities) had been assessed, representing all Group activities (apart from new acquisitions not included in the Group's reporting, as per the rules described in section 5.6.1 of this document). Of these reporting scopes:

- 16% were ranked at the "Good Performance" level (rating greater than or equal to 2.5 on a scale of 1 to 4);
- 61% were ranked at the "Deployment Initiated" level (rating between 2 and 2.5); and
- 23% were rated at the "Inadequate Performance" level (rating below 2).

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

In addition, 10% of the variable compensation of the Chairman and CEO and of most of the members of the Management Committee is index-linked to overall CSR performance, in line with the priorities of the roadmap. The performance of certain functions within the Group is partially assessed based on CSR criteria, including, for example, the rate of achievement of individual performance reviews (IPRs) for certain human resources functions, or the evaluation of suppliers according to sustainable development criteria for buyers.

Each year, Legrand includes a roadmap progress report in its Registration Document. For the 2014 fiscal year, the independent third party responsible for auditing the CSR data under Article 225 of Grenelle 2 included an assessment of the roadmap's progress. Please refer to chapter 5.7 of this Registration Document for more information about this approach and the associated results.

Target achievement rate	2014	Ref.
Focus: Users		5.2.
Issue no. 1: Providing sustainable solutions		
Group priorities for 2014–2018		5.2.1.
■ To increase by 50% in Group sales of solutions offering improved living conditions and greater comfort.	57%	5.2.1.1.
■ To extend the deployment of initiatives in favour of product quality and against counterfeiting in the electrical industry.	93%	5.2.1.2.
■ To provide product environmental data compliant with ISO 14025 for products accounting for two-thirds of Group sales.	101%	5.2.1.3.
■ To avoid the emission of 1.5 million tons of CO_2 equivalent.	74%	5.2.1.4.
Issue no. 2: Playing a driving role in the electrical sector		
Group priorities for 2014–2018		5.2.2.
■ To continue to provide training to industry players by further innovation in response to local needs and specifics.	122%	5.2.2.1.
■ To continue to develop university partnerships and collaborative research projects, and implement the resulting innovations.	83%	5.2.2.2.
■ To provide feedback mechanisms and customer satisfaction measurement for 95% of Group sales.	109%	5.2.2.3.
Focus: Society		5.3
Issue no. 3: Acting ethically		
Group priorities for 2014–2018		5.3.1.
■ To have an additional 3,000 staff trained in business ethics.	84%	5.3.1.1.
■ To cover 100% of Group sales through a compliance program monitoring scheme.	110%	5.3.1.2.
Issue no. 4: Ensuring responsible purchasing		
Group priorities for 2014–2018		5.3.2.
■ To support 100% of sensitive suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics.	100%	5.3.2.
Issue no. 5: Enabling access to electricity for all		
Group priorities for 2014–2018		5.3.3.
■ To aim to enable 800,000 additional people to benefit from access to electricity, whether directly or indirectly.	141%	5.3.3.1.
■ To ensure the widest possible access to the initiatives of Legrand Foundation.	100%	5.3.3.2.
Focus: Employees		5.4.
Issue no. 6: Respecting Human Rights		
Group priorities for 2014–2018		5.4.1.
■ To map and annually assess workforce exposure to the risk of violation of Human Rights in the workplace and deploy measures for improvement as appropriate.	100%	5.4.1.1.
Issue no. 7: Guaranteeing occupational health and safety		
Group priorities for 2014–2018		5.4.2.
■ To extend and maintain an occupational risk management plan covering 90% of the Group's workforce.	106%	5.4.2.1.

Target achievement rate	2014	Ref.
■ To implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce, with the objective of reducing the Group's workplace accident frequency rate by 20%.	211%	5.4.2.2.
Issue no. 8: Developing skills and promoting diversity		
Group priorities for 2014–2018		5.4.3.
■ To maintain a dynamic strategy in talent and skills management, suited to employee expectations and market needs.	71%	5.4.3.1.
■ To increase the number of women in key positions by 25%.	127%	5.4.3.2.
■ To reduce by 15% the male/female pay gap in non-managerial positions in the Group.	274%	5.4.3.3.
Focus: Environment		5.5.
Issue no. 9: Reducing the Group's environmental footprint		
Group priorities for 2014–2018		5.5.1.
■ To achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites.	102%	5.5.1.1.
■ To reduce energy intensity by 10%.	315%	5.5.1.2.
Issue no. 10: Innovating for a circular economy		
Group priorities for 2014–2018		5.5.2.
■ To deploy the principles of a circular economy from the product design phase through to the recovery of products at their end-of-life.	100%	5.5.2.
TOTAL ACHIEVEMENT RATE		**123 %**

5.1.4 - Recognized CSR performance

5.1.4.1 SRI (SOCIALLY RESPONSIBLE INVESTMENT) INDEXES

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

- Dow Jones Global Sustainability Index (DJSI) World;
- FTSE4Good (London Stock Exchange);
- ESI Excellence Europe and Excellence Euro;
- ECPI EMU Ethical Equity;
- Euronext Vigeo Eurozone 120 & Europe 120;
- MSCI Global Sustainability Indexes;
- STOXX Global ESG Leaders and the EURO STOXX ESG Leaders 50.

Legrand has also been assessed by the FairWorldFonds index and received the following recognition and ratings:

- "Prime" status in Oekom Research's Corporate rating;
- "Bronze" level in the "2015 Sustainability Yearbook", published by the asset manager RobecoSAM in conjunction with KPMG;
- Inclusion in the Ethibel Pioneer and Ethibel Excellence registers;
- 48th place in the "Corporate Knights 2015 Global 100 Most Sustainable Corporations in the World".

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

5.1.4.2 CSR AWARDS AND DISTINCTIONS: A RECOGNIZED STRATEGY

The list of CSR awards and distinctions received by the Group in 2014 is available from the CSR Resource Center on our website www.legrand.com/EN.

5.2 - OFFERING USERS SUSTAINABLE SOLUTIONS

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

5.2.1 - Providing sustainable solutions

Legrand's solutions are the answer to some of the major global challenges of today and tomorrow. On the one hand are **environmental challenges**, linked to the scarcity of raw materials and the impact of global warming. On the other are **social challenges**, mainly relating to the aging population and increasing urbanization (especially in emerging economies). Yet there are also **technological challenges**, with the advent of smart grids and the rapid increase in digital streams.

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

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

5.2.1.1 IMPROVING THE LIVING CONDITIONS AND COMFORT OF USERS

There are several ways of using Legrand products to improve living conditions and comfort. Chief among these are:

- "low-end" product ranges, ensuring the widest possible access to high-quality, safe electrical solutions for the home;
- products and solutions that limit power outages and optimize the building's energy efficiency, reducing energy bills for the occupants;
- assisted living systems for the home that allow people to have a better life at home for longer.

The product offering designed to fulfill the criterion of improved living conditions and comfort is outlined by the Group's marketing teams, depending on the nature of the Group's products and solutions. Weighting coefficients can be used for some product families that are not fully part of this offering, and can be updated from year to year as the ranges evolve, based on inquiries made on a sample of subsidiaries, and extrapolated to the whole Group.

Group priority 2014-2018

Increase by 50% Group sales of solutions offering improved living conditions and greater comfort.

Indicator: percentage of sales generated in the residential building sector with:

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

2014 achievement:

The percentage of Group sales represented by these offerings increased by 2.3% between 2013 and 2014, which was below the 4% growth target that the Group had set itself for 2014. Sales for this product offering were slightly below expectations, particularly in some of the mature markets. However, the combined effects of the Group's acquisitions in the area of assisted living and the recent launches of ranges in the new economies should enable the Group to achieve the five-year target set in its roadmap.

	2014*	2015	2016	2017	2018
Target achievement rate	57%				

* *Calculated against a growth target of +4% between the end of 2013 and the end of 2014.*

Products resulting from frugal innovation

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

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

Legrand's frugal innovation approach has led to the design, development and marketing of safe, sustainable and affordable ranges of accessories (sockets, switches) and circuit breakers, mainly intended for emerging economies:

- in Brazil, with the Zuli range designed for small-scale residential projects, such as the "Minha Casa Minha Vida" program, aimed at reducing the housing shortage;
- in China, with the Yi Pin and K2 ranges, designed to be installed in new builds constructed as part of the "Social Housing Project";
- in India, with the Group's subsidiary IndoAsian and its range of Glint accessories for the residential market, designed in response to the specific budgetary constraints of this market.

For more information on solutions that address these basic needs, see "Taking Action Against Energy Poverty", which can be found on our website www.legrand.com/EN.

Products promoting energy efficiency

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

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

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

For more information on the Group's energy efficiency solutions, see section 5.2.1.4, or visit the Energy Efficiency page on our website www.legrand.com/EN.

Products dedicated to assisted living

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

By 2050, the global population over the age of 80 is set to more than triple compared with 2014 (source: UN). These social changes represent new challenges for electrical and digital infrastructure, particularly in terms of:

- guaranteeing the safety of people who are frail, with a range of everyday devices, such as switches and plugs, which are easy to use, or enhanced home automation functions, such as *My Home*, which offers centralized or remote commands. Lighting paths, which highlight obstacles, ease orientation and prevent falls, reducing the latter by up to 30% (source: trial carried out in association with Corrèze Regional Council in France). Finally, safety in the home, which involves the use of technical sensors such as smoke, gas and carbon monoxide detectors;
- facilitating access to building functions, such as shutters or heating, with Legrand home automation solutions, for example Céliane lighting control systems or Bticino door-entry systems, means that home environments can be programmed from a single control point, with lighting, heating and access set to match personal needs and preferences. Céliane systems can even be coupled with remote control systems to offset specific motor or sensory deficiencies;
- facilitating communication with the outside world by sending reports on the status of the dwelling and its occupant to a support center, which can then respond to alerts remotely and take control of home automation systems. Through alarm devices worn by the person him – or herself, the solutions of the subsidiary Intervox Systèmes also make it possible to set off a voluntary or automatic alarm (fall sensor) and send a transmission to a remote support center, in the event of illness, for example. VISIOVOX touch-screen tablets for video calls offer easy access to services and also allow users to stay in touch with loved ones.

More information about the Group's solutions for assisted living can be found in the "Assisted Living" section on our website (www.legrand/com/EN). For more information about the Group's initiatives for the Silver Economy, see section 5.2.2.

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5.2.1.2 ENSURING THE SAFETY OF USERS OF ELECTRICAL EQUIPMENT

Because its products can bring people into contact with electricity, Legrand views quality as imperative in guaranteeing user safety. The Group is therefore committed to ensuring that the products it places on the market are of the highest quality and that they conform to the relevant standards. To protect users, Legrand is involved in an ongoing industry campaign to prevent counterfeiting.

This roadmap priority is measured by the deployment and maintenance of resources to combat counterfeiting and maintain product quality. Specifically, the Group has set itself the goal of completing at least one significant action each year in the fight against counterfeiting. The term "significant" here means being able to take action by involving several partners, potentially in several different countries. These actions should also enable the Group to build on the number of counterfeit products seized each year.

In terms of product quality, the aim is to ensure that the product risk management policy is properly applied within the Group, *i.e.* that the Group's customer dissatisfaction feedback mechanism functions according to the Group's requirements.

Group priority 2014-2018

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

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

2014 achievement:

The Group slightly under-performed on the product risk management procedure indicator. This was because 85% of sales were generated by entities that apply the procedure's principles, versus a target of 100% at the end of 2014. Meanwhile, anti-counterfeiting targets were achieved, with the seizure and destruction of some 728,000 counterfeit products and the implementation of anti-counterfeiting measures in several countries.

	2014*	2015	2016	2017	2018
Target achievement rate	92%				

* *Calculated as the average achievement rate recorded for the above indicators.*

Quality policy

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

Thus, **non-product quality indicators** are closely monitored at the country and business unit level. Any divergence from these indicators is systematically analyzed and corrected by implementing action plans.

The **procedure for product risk management**, applicable to all Group products irrespective of brand and target market, includes fast-track internal processing for potentially critical situations. In the most sensitive cases, product withdrawal or recall actions could be launched. In 2014, two operations of this type were carried out across the Group.

The **customer dissatisfaction management process** ranks dissatisfaction according to different levels of severity: those that could have implications for the safety of goods or people, or that have significant financial implications, are dealt with separately.

The increased accountability of all Group employees is encouraged through their commitment and application of the quality policy.

For more information on the dissatisfaction management process, please refer to section 5.2.2.3. of this Registration Document.

Focus: Legrand Korea receives product quality award.

Legrand Korea received an award from the **Korea Product Safety Association** during **Korean Product Safety Day** in recognition of:

- its contribution to the technological development of fire prevention solutions;
- the development of product testing equipment (including heat resistance tests) and safety test specifications;
- its ongoing efforts to promote product safety, especially in case of fire (following misuse of the product).

The Legrand Group's quality policy is available from the CSR Resource Center on our website www.legrand.com/EN.

Fight against counterfeiting

Coordinated by the Group's Intellectual Property Department, which is part of the Group's Strategy and Development Department, the Group's ongoing struggle against counterfeiting and for consumer protection is two-pronged:

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

As a result of actions carried out in 2014, the Group seized some 728,000 counterfeit products. More than half of those seizures were due to action directly initiated by the Group's teams in China, while the remainder resulted from Legrand's participation in action jointly led with members of the electronics sector.

For example, since January 2006, more than 3.2 million counterfeit devices (primarily switches and sockets) and circuit breakers under the *Legrand*, *Tenby* and *Bticino* brand names, as well as 17 production molds, have been seized and destroyed. Legrand has also shut down over a thousand websites selling counterfeit goods.

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).

This system applies a specific mark to the Group's products to differentiate between original products and copies and other counterfeits that are often synonymous with risk for users. It is gradually being extended to all Group subsidiaries and brands. In 2014, it was introduced in subsidiaries in Egypt and Poland.

For more information on Legrand's fight against counterfeiting, see chapter 4.3. of this Registration Document on "Risks related to intellectual property".

5.2.1.3 INFORMING CUSTOMERS OF THE ENVIRONMENTAL IMPACT OF PRODUCTS

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

Group priority 2014-2018

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

Indicator

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

2014 achievement

52% of Group sales were of products with a PEP at the end of 2014. The Group met its target for this priority and is continuing its policy of providing information on its products' environmental impact.

	2014*	2015	2016	2017	2018
Target achievement rate	101%				

* *Calculated against a target of 51% at the end of 2014.*

An industry-wide approach

The Product Environmental Profile (PEP) is a reference tool for information on the environmental impact of electrical products. It is based on an international benchmark standard, ISO 14025 – Environmental labels and declarations – Type III environmental declarations. It uses life cycle analysis (LCA) techniques which can be used to provide real-world data. This is done using EIME (*Environmental Improvement Made Easy*) calculation software, based on the series ISO 14040 – Environmental management – Life cycle assessment – Principles and framework.

NB: LCA techniques are also used to optimize the environmental performance of products. This subject is covered in section 5.5.2.

Developed in France with members of the electrical industry, the PEP is part of a recognized, reliable and international program set up and developed by the PEP-Ecopassport Association. Legrand is a founder member of this association, which it currently chairs.

The program provides a strict framework for the LCA approach and the environmental information it provides: a review of the materials selected, information on hazardous substances when present, environmental impacts on air, water and natural resources from the calculation of 11 indicators. All phases of product life are taken into account, from the extraction of raw materials needed for manufacturing to the end of product life, as well as the production, distribution, implementation and product use stages.

A recognized tool

The PEP ecopassport and associated program have been recognized by the Grenelle Environment Forum in France and are becoming increasingly widely available and internationally used. For example, the label LEED (Leadership in Energy and Environmental Design), a standardization system for high-performance buildings, and the first global standard in this area with almost 140,000 m^2 certified daily, attaches importance to product environmental information in accordance with ISO 14025 for electrical equipment installed in a building. PEPs allow Legrand to position itself towards projects with higher added value. They also improve the environmental performance of projects, adding value to the building in which these solutions are installed.

750 PEPs available

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

Legrand has filed more than 750 PEPs in the official database of the PEP ecopassport program. These documents can be accessed on the websites of the Group's various brands or upon request from customer service departments. For example, 2,500 downloads of these documents were recorded on Legrand's French website in 2014.

Thanks to the efforts of its R&D teams, at the end of 2014, 52% of Group sales were generated by products covered by PEPs (versus 47% at the end of 2013).

In 2014, around 100 new PEPs were produced for all types of products sold by the Group worldwide, particularly in India, Mexico and the United States.

Focus: PEP ecopassport in Mexico and in India.

In 2014, Legrand completed PEP ecopassport profiles for a Mexican range of accessories and for a new range of circuit breakers developed by IndoAsian, Legrand's subsidiary in India.

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

5.2.1.4 IMPROVING ENERGY EFFICIENCY IN BUILDINGS

Because buildings are responsible for 40% of energy consumption and 20% of CO_2 emissions, reducing the energy consumption of buildings is a major part of the fight against global warming. Installing equipment to improve energy efficiency in buildings is therefore a priority for Legrand. The aim is to reduce CO_2 emissions through solutions that improve energy consumption.

Group priority 2014-2018

Avoid the production of 1.5 million tons of CO_2 equivalent.

Indicator: number of tons of CO_2 emissions avoided through the energy efficiency solutions sold each year by the Group.

2014 achievement:

The Group's energy efficiency solutions prevented 133,000 tons of CO_2 emissions versus a target of 180,000 tons at the end of 2014. While sales in this product offering were significantly below expectations, deployment plans are under way and therefore the Group is maintaining the targets set for this priority.

	2014*	2015	2016	2017	2018
Target achievement rate	74%				

* Calculated against a target of 180,000 tons at the end of 2014.

Simple and accessible solutions

The Group offers energy-efficient solutions for residential, commercial and industrial buildings, both new builds and those undergoing thermal renovation. They are easy to install, adapt and use and can be implemented by the Group's usual partners in the sector.

- **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.
- **Analysis, measurement and monitoring of electrical equipment** are essential steps towards reducing consumption and saving on energy by up to 10%. For example, Alptec analyzers from the French subsidiary Alpes Technologies allow the analysis of electrical circuits (failures, surges, etc.) in commercial and industrial buildings, identifying and correcting faults. Moreover, US subsidiary WattStopper has launched an Energy Calculator, a free online tool enabling individuals to calculate their own potential energy savings.

- **Reactive energy compensation and harmonics filtration**: Alpes Technologies offers a full range of services and products that improve energy quality and reduce the environmental impact, particularly in terms of CO_2 emissions.
- **High-quality uninterrupted power supply**: the Group's UPS ranges are based on smart power factor correction circuitry, which optimizes the absorption of energy inputs; efficiency remains at a high and constant level, even at a low rate of charge. Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy (Italy), Numeric (India) and S2S (France), Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions), and photovoltaic power inverters.
- **Energy savings for data centers:** AEGIDE, the Group's Dutch subsidiary, provides energy-saving solutions for data centers in large, medium and small enterprises as well as commercial infrastructures. The Varicondition Cold Corridor® solution, for example, is a system which is based on the complete separation of hot and cold air flows, to increase efficiency and energy savings.
- **Photovoltaic panel connection:** Legrand offers photovoltaic panel connection solutions for residential and commercial use.
- **Electric vehicle charging solutions**: Legrand offers a domestic type socket, *Green'up Access*, which can charge at 14 A (3.2 kW). It also has a range of charging stations, *Green'up Premium*, suited to the home, public or corporate parking areas, residential buildings and public roads.

Focus: Making consumption more transparent so that it can be managed better.

The Legrand eco-meter is the first commercially available meter with an integrated IP output. This connects directly to the occupant's communications cabinet or box or to the building's IP network. Consumption is displayed online and can either be viewed on-site or remotely on a PC, tablet or smartphone. Meter readings are taken for electric or gas heating, air conditioning, hot water, electrical sockets, and other sources of consumption in the home.

CO_2 emissions avoided

The quantity of CO_2 emissions avoided using the Group's energy-efficient solutions is calculated from Group sales of energy-efficient solutions, the use of an estimated return on investment period (5 years from industry-wide data), the cost of electricity in the countries concerned (90 €/MWh used for France as per industry-wide data), and the carbon content of local electricity. For each of Legrand's national markets, combining all these factors helps to establish a link between the volume of sales in the country and total CO_2 emissions from using the products sold for one year. It has to be noted that sales of the year are considered for 50% of their amount regarding the impact calculation and, by hypothesis, avoided CO_2 emissions are cumulative and calculated based on sales since 2014.

Focus: responsible and transparent information.

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

5.2.2 - Playing a driving role in the electrical sector

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

5.2.2.1 FOSTERING SKILLS ENHANCEMENT ACROSS THE ELECTRICAL INDUSTRY

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

Group priority 2014-2018

Continue providing training to industry players, with continual innovation in responding to local needs and specifics.

Indicator: number of customers trained by providing tools and training tailored to their needs.

2014 achievement:

The Legrand Group trained 122,450 customers in 2014 compared with a target of 100,000. This 22% outperformance represents an increase of 34% over 2013 and was primarily due to the results from the subsidiaries in Brazil, Colombia, India, Russia and Turkey.

	2014*	2015	2016	2017	2018
Target achievement rate	122%				

* *Calculated against a target of 100,000 customers trained in 2014.*

Dedicated training centers

Legrand offers training programs to local distributors, specifiers and electrical installers, including at its Innoval international training centers in Limoges, Lyon and Paris, France, as well as in the Middle East and North America. In total, there are 15 training centers around the world that welcome and train players in the electrical industry.

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

The Innoval training centers offer more than 50 hands-on programs which reproduce the actual site conditions, in different areas, ranging from home automation, the wiring of electrical cabinets and fiber-optic cabling, to installing security lighting systems or providing training on current regulations and technical standards. Tailor-made courses are also available for professionals at each stage of their commercial development.

In 2014, the Innoval centers received more than 5,000 visits from customers, while over 6,500 trainees attended courses. In addition, Legrand offers local training programs in many countries, including Italy, Brazil and the United Kingdom, as well as in Chile and Dubai, where training centers have been opened.

For more information on the Group's training strategy, see section 3.3.2.3.

Focus: training for prospective female electricians

Legrand's Turkish subsidiary has designed a training course specifically for women hoping to obtain an electrician's qualification. The aim of the course is to provide training for 30 women initially. The course consists of 60 hours of training (40 hours of theory, 20 hours on site), which teach students the basics of the trade.

More information can be found at www.legrand.com/EN .

5.2.2.2 STIMULATING TECHNOLOGICAL INNOVATION

To encourage and drive innovation, Legrand works closely with industry and with the scientific and academic communities. The Group participates in joint projects and works in competitive clusters or technology transfer centers, particularly in the innovative areas that will open up opportunities for the sector, such as the Silver Economy, access to electricity, controlling energy consumption, safety in buildings or electric vehicles, etc. The Group is also extensively involved in education through its partnerships with training establishments, regular discussions with engineering schools, and support for the creation of new, specialist courses.

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

Group priority 2014-2018

Continue developing university partnerships and collaborative research projects and implementing the resulting innovations.

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

2014 achievement:

Legrand embarked on five major new partnerships and research projects in 2014, particularly in Central America and Eastern Europe.

	2014*	2015	2016	2017	2018
Target achievement rate	83%				

* *Calculated against a target of six new partnerships for 2014.*

Collaborative projects

Legrand is a member of several competitive clusters, which are designed to bring local businesses, training centers and research facilities together in partnerships to develop innovative joint projects:

- founding member of ELOPSYS, a high-technology cluster focusing on microwaves and photonics in the Limousin region, and of S2E2 (Science et Système de l'Énergie Électrique – Science and Electrical Power System), focusing on electrical energy for the Central and Limousin regions;
- a member of Systematic and Image et Réseaux, the Group is involved in the RDLO (Optical Domestic Local Area Network) project, which aims to develop new solutions for building-wide fiber-optic distribution, delivering high-speed services to multimedia equipment;
- member of Fibres et Alsace Énergivie, a competitive cluster dedicated entirely to energy efficiency in buildings, ultimately with a view to creating a positive energy building.

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

- the European "EnLight" project, under the aegis of the ENIAC (European Nanoelectronics Initiative Advisory Council). This project seeks to devise new architecture and solutions for LED lighting systems, combining comfort, lower energy consumption and new lighting applications. Legrand also participated in research into new remote-control lighting solutions – wireless systems that are interoperable with the new LED lighting standards – thereby creating the basis for new standards for the lighting systems of residential and tertiary buildings;
- "Smart Vendée" and "Smart Electric Lyon". The aim of these *Smart Grid* projects is to develop new energy management solutions for commercial and/or residential buildings by incorporating new energy sources and optimizing consumption. The first demonstrator was unveiled in the Vendée region of France. It is part of the "Investissements d'avenir" ("Investment for the Future") scheme launched by the French government. Several hundred smart meters are being installed in the local area to measure network changes in real time and to refine existing models;
- the RDLO (Optical Domestic Local Area Network) collaborative project, which aims to develop new solutions for building-wide fiber-optic distribution, delivering high-speed services to multimedia equipment.

In addition, Legrand is committed to promoting the future of its industry.

- the Legrand Group helped to set up Confluens, a joint venture between six home automation companies specializing in door-entry, automated shutter control and heating control systems and suppliers of wiring devices. The purpose of this start-up is to encourage interoperability between home automation equipment by developing a software layer that will allow different devices in the home to talk to each other, regardless of the wired and wireless protocols that they use to communicate. The initiative is open to other home automation equipment suppliers who can use this interoperability solution in the form of licensed software or an electronic module embedded in their products;
- Legrand was involved, together with the French government, in the creation of the Silver Economy, a "business incubator" that brings together innovative start-ups and groups positioned in the care market. Legrand's Chairman and Chief Executive Officer has been appointed Vice-Chairman of the Silver Economy "Industry of the Future" committee, responsible for organizing and coordinating this sector. The committee brings together companies, trade federations, competitive

clusters, government departments, financial institutions and actors involved in long-term care and welfare. It is tasked with examining proposals from industry stakeholders so that the government can then plan and implement its response for this sector.

For more information on innovation management, please refer to section 3.2.2.1 of this Registration Document.

Engagement with the academic community

The Group is involved with the academic community, especially in innovative fields that represent opportunities for the electrical industry, such as access to electricity, energy consumption management, personal well-being, health and safety, as well as assisted living and electric vehicles.

To maintain a vital link between industry and education, and thus contribute to the skills enhancement of future professionals in the electrical sector, certain Group subsidiaries are establishing partnerships with training establishments, their teachers/trainers and students, the future product specifiers and installers of the electrical industry. This is the case, for example, with Legrand's subsidiary in Costa Rica, which has joined forces with the Universidad Católica Santa María La Antigua (USMA) to run and teach courses on home automation to students studying for electrical qualifications. Equivalent initiatives have been put in place in Hungary, by Legrand's local subsidiary and the University of Ongollo, while, the Chilean and Egyptian subsidiaries have partnered with INACAP (Universidad Tecnológica de Chile) and the Heliopolis University for Sustainable Development, respectively.

Legrand is also committed to supporting initiatives for new training courses designed to meet future skills requirements and create jobs. For example, vocational degrees at the Institute of Technology (IUT) of Mantes/University of Versailles-St Quentin in electromobility power engineering. The aim is to foster expertise in designing and manufacturing electric vehicles and the associated charging infrastructure, as well as after-market services.

The Group supports the academic community through numerous partnerships, forums and joint initiatives. For example, Innovation challenges are organized regularly with partner institutions, such as "Yes I cam", organized in partnership with ICAM (Institut Catholique des Arts et Métiers) in Toulouse, or through its official partnership with WorldSkills France and WorldSkills Hungary.

Focus: Legrand/INSA Strasbourg partnership.

In 2014, Legrand embarked on a research project with the Department of Architecture at INSA Strasbourg, on the subject of "The Machine for Living In" (Le Corbusier). The aim is to think about the scalability of electrical and digital networks in buildings. In co-ordination with Legrand's Innovation Department, eight projects were presented. These included a totally modular electrical power supply concept, on an energy stream on the floor, and a power supply concept called "the cable and the curtain", which is easy to deploy in emerging countries and emergency situations. This will provide food for thought on the possible future development of installations that keep up with the lifestyle and rhythm of the occupants.

For more information about innovation at Legrand, visit the Innovation section of our website www.legrand.com/EN.

Participation in legislative and regulatory developments

Legrand supports the different green building initiatives (LEED, Green Star, BREEAM, HQE, etc.). It is a member of the Green Building Council (GBC) in several countries such as the United States, Vietnam, Singapore, China, etc. In the United Arab Emirates, the Group's subsidiary is an active member of the Emirates Green Building Council (EGBC), as well as a member of its Board of Directors.

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

5.2.2.3 ENSURING CUSTOMER SATISFACTION AND FEEDBACK

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

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

Group priority 2014-2018

Provide feedback schemes and customer satisfaction measurement for 95% of total Group sales.

Indicators:

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

2014 achievement:

The use of CRM and SOLUTIO tools continued in 2014, up 7 and 16 percentage points respectively in terms of sales covered. This will continue in 2015 and subsequent years, the goal being to cover more than 95% of Group sales by the end of 2018. Customer satisfaction surveys will also be encouraged in subsidiaries.

At the end of 2014, the principal indicators for this priority were the following:

- customer service rate indicator: 64%;
- CRM tool launch: 77%;
- SOLUTIO tool launched: 86%;
- customers satisfaction surveys: 37%.

	2014*	2015	2016	2017	2018
Target achievement rate	109%				

* *Calculated as the average achievement rate of two of the above four indicators, against a target of 75% coverage of Group sales at the end of 2014.*

Customer satisfaction

The availability of Group products for its customers is key to customer satisfaction. As a result, Legrand monitors the **service rate** for its different subsidiaries to measure the Group's ability to fill orders from its customers in the desired quantities and time frame. This customer service rate is consolidated by the Group Logistics Department. It is calculated using a common method covering 62% of Group sales; on this basis it stands at over 92%.

The Group has introduced a standard system for enhanced **customer relationship management**. This has boosted customer satisfaction and loyalty by continually exceeding customer expectations. For example, more than 77% of Group sales are covered by the Salesforce CRM (Customer Relationship Management) tool. This incorporates a corporate social network, Chatter, which allows projects and information to be shared more widely. From a marketing perspective, it facilitates the reporting of market data. Over 100 users currently have access to this in the Group's sales and marketing divisions, as well as in its SBUs (strategic business units).

Subsidiaries' Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. These send comments or requests for product improvements to SBUs to inform the debate on product developments. The **dissatisfaction monitoring software** SOLUTIO allows direct connection between the after-sales departments of each subsidiary, the quality departments of the SBUs and the central product risk management department. Information is shared in real time, and technical issues or customer dissatisfaction is registered immediately for optimized processing. At the end of 2014, almost 86% of Group sales due to have the SOLUTIO tool were already included within the reporting scope of the tool.

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

- multi-criteria surveys are carried out regularly by the Group's subsidiaries to measure the brand perception, quality, price, service, etc. with customer panels or focus groups. In 2014, these surveys were carried out in the Netherlands, Belgium and France. Some of these surveys are conducted on a one-off basis, while others are held at set intervals; this is the case, for example, at the subsidiary ESTAP, which carries out these surveys every three years. Legrand Poland conducts this survey annually; in 2014, almost 500 customers were consulted;
- every year, key distributor customers assess the Group's performance and services (marketing, technical support, supply chain, distribution policy, cooperation). These assessments are carried out by independent service providers. The Strategy and Development Division analyzes these results and shares

them with all countries. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also held with product specifiers to discuss their expectations.

Focus: United Arab Emirates: Legrand improves customer satisfaction.

In 2013, Legrand introduced an innovative approach to improve customer satisfaction in the United Arab Emirates. The idea is to strengthen and formalize the relationship between the Group and its distributors via a series of mutually beneficial commitments for both parties.

An audit of business partners and an assessment of Legrand's technical support was carried out to assess the ability of both parties to meet customer expectations. The quality of Legrand's service, particularly in terms of training, technical support and logistical support, was assessed. This approach resulted in the implementation of actions that allow these distributors, with Legrand's support, to improve their own customer service.

Collaborative innovation

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

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

Responsible communication

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

The Director of Group External Communications, reporting to the Director of Strategy and Development, is responsible for ensuring the implementation of these principles throughout the Group's subsidiaries, with a dedicated team of 200 people in all. Local teams manage their own communications, in accordance with the regulations and, where there is no self-regulation body locally, communications are systematically checked for compliance with Group values and the specific cultural requirements of some countries and validated by the Group.

For each international product launch, communication is handled by the Group's external communications Department, in accordance with Group rules. All communication must be approved by the Director of Group External Communications and his team. Communication tools – particularly the source files – are held in a database accessible only to the department's communications officers. Compliance with Group rules is verified before these are distributed to subsidiaries, which may not adapt the creative concepts to the local context. The directors of subsidiaries are also briefed so that they can apply these principles to their own media relations. The Group has been found to be compliant with these principles and ethics since their introduction, with no occurrences of non-compliance.

The Group is a member of associations espousing voluntary communication principles and codes, including for example the UDA (Union des Annonceurs – Advertisers' Union) in France and the UPA (*Utenti Pubblicità Associati*) in Italy. These associations comply with a range of European and national regulations, including:

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

The UDA has also established an advertising self-regulatory authority, the ARPP, which is tasked with responding to cases of non-compliance with established principles and codes. The Group undertakes to respect the ARPP's decisions, for example with regard to advertising submitted ahead of campaign launches. The UDA has published a Charter setting out standards for the respectful portrayal of people in advertising, which recognized by the French Ministry for Solidarity and Social Cohesion.

The UPA is also a member of the WFA (World Federation of Advertisers) and two of its programs: *"Responsible Advertising and Children Programme" and the "Responsible Marketing Pact"*.

5.3 - ACTING ETHICALLY TOWARDS SOCIETY

Social responsibility applies to all the partners with which the Legrand Group interacts. This interaction must take place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity.

5.3.1 - Acting ethically

One of the basic tenets of Legrand's social responsibility is to abide by ethical principles. This approach covers issues such as the prevention of corruption and fraud, respect for competition rules, avoidance of conflicts of interest, and compliance with trade embargoes, as well as the fight against money laundering and the financing of terrorism. Legrand engages with all of these issues through employee awareness and training, and by ensuring that its compliance program is properly implemented.

The Group's central departments are involved in this approach, regularly called upon to reinforce established rules and develop awareness, training and monitoring activities. It also implies the involvement of all Group subsidiaries, which implement the defined rules locally and adapt them to local laws and regulations.

The General Management affirmed its strong commitment to business ethics by signing the Global Compact and adhering to the main universal principles and international reference documents, including: the Universal Declaration of Human Rights and additional compacts, the guiding principles of the OECD on the fight against bribery of foreign public officials in international business transactions, the guiding principles of the OECD for multinational companies, the UN Convention on corruption, all national laws on the fight against corruption, the European Directives on competition, and all national laws on competition law.

Legrand's approach was officially recognized in 2014 when the Group was awarded the highest score in its business sector for the category "Codes of conduct/Compliance/Corruption", in the annual Dow Jones Sustainability Index (DJSI) assessment.

5.3.1.1 AWARENESS AND TRAINING IN BUSINESS ETHICS

Respect for ethical principles implies, first of all, precise and detailed awareness of these issues. Continuous employee training is therefore essential. The aim of the Group's training schemes is to ensure that its employees likely to encounter risk situations have a sound knowledge of the rules on business ethics. It also means reducing the likelihood of an infringement of competition law or anti-corruption, anti-money laundering or export control laws, in all Group entities and subsidiaries. Any breach of the Group's ethical principles by an employee gives rise to immediate sanctions.

Group priority 2014-2018

Have an additional 3,000 staff trained in business ethics (anti-corruption, fraud prevention, compliance with competition rules, conflicts of interest, etc.).

Indicator: number of employees trained in business ethics during the year.

2014 achievement:

In 2014, 334 employees received anti-corruption and competition-law training via online modules, *i.e.* around 84% of the Group's target (when those 334 employees are added to the 2,500 employees who received training in previous years). Specific action plans were launched in early 2015 to boost this training effort and attain the target set in the Group's roadmap (3,000 people to be trained between 2014 and 2018).

	2014*	2015	2016	2017	2018
Target achievement rate	84%				

* *Calculated against a target of 400 employees to be trained in 2014.*

Awareness-raising measures

Since 2012, the Group's country chief financial officers have been appointed as Compliance Officers. Specific instructions conveyed via the Group's intranet and webcasts encourage employees to embrace their role and responsibilities in the context of the deployment of the compliance program and the prevention of corruption in their country.

As mentioned above, special training webcasts prepared with guidance from specialized lawyers are held on the risks of corruption and on competition law. These are intended for ethics correspondents, compliance officers, the various functional departments, SBUs (strategic business units), and any other person considered exposed to these risks, especially in the context of the deployment of the Group's compliance program.

Alongside this training, communication tools (practical guides, presentations) are available for ethics correspondents and compliance officers to facilitate their actions in the field of business ethics. These guides are available from the resource center on our website (www.legrand.com/EN). All compliance officers have access to tools (risk assessment questionnaires, presentations) as well as specific procedures for gifts, meals, entertainment and business partners. Other measures may be used depending on the various requirements and environments, in particular *via* specific intervention in Executive Committee and commercial meetings in the various entities; or *via* more widespread internal communication (in-house magazine, intranet).

Local initiatives are regularly advertised in the company's in-house magazine so that all Group subsidiaries can be engaged in the fight against corruption and the promotion of ethical conduct. For example, Legrand's Italian and Chilean subsidiaries have promoted compliance locally, either via films aimed at all employees (Italy) or media dedicated to transparency (Chile).

Business ethics, together with CSR, are taken into account in the annual performance appraisal of the Group's employees, and more specifically that of country managers and managers of SBUs. It is their responsibility to ensure that all of their staff who have been identified as at risk in terms of business ethics have received the proper training, in accordance with the Group's plan. A monitoring system, available for each country and each SBU, can be used to track whether the corresponding training plans have been implemented correctly.

Focus: ethics warning system.

In case of non-compliance with ethical principles, employees can contact their immediate supervisor, the Group Human Resources Department or the Group Legal Department. In addition, a Group monitoring and alert system has been in place since 2009, in the form of a generic e-mail address. This can be used by employees to ask questions or raise an alert. For 2014, four ethics alerts were reported to the Group. None of these alerts represented a significant risk. The alerts were examined and handled in accordance with Group principles as detailed in the Charter of Fundamental Principles.

5.3.1.2 VERIFYING THE APPLICATION OF THE GROUP'S COMPLIANCE PROGRAM

The Group compliance program covers all areas of business ethics: competition rules, trade embargoes and export control, anti-money laundering, financing of terrorism, fraud risk management, good business practice, and the fight against corruption. It is deployed in the Group's various countries using tools that have been translated into the local language.

This program is organized around five principles:

- a strong commitment by the Group's senior management;
- a methodology for Group risk analysis;
- clear policies and control mechanisms;
- training and communication initiatives;
- an internal audit process and implementation of action plans in response to the risks identified.

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

Group priority 2014-2018

Cover 100% of Group sales through a Group compliance program monitoring scheme.

Indicator: percentage of Group sales covered by a compliance program monitoring procedure.

2014 achievement:

At the end of 2014, deployment rates for the compliance program were 61% for the Group's eight largest entities (for a target of 70% at the end of 2014) and 66% for all other reporting scopes (for a target of 50% at the end of 2014). These rates are expressed as a percentage of sales generated by the entities concerned. They reflect the level of deployment of operational controls related to the compliance program.

This level of deployment, measured by Group Internal Audit, reflects a slight delay in the operational nature of the compliance program's deployment in the eight main Group entities. However, deployment in all other entities was well ahead of schedule. Deployment will continue in 2015 and in subsequent years.

	2014*	2015	2016	2017	2018
Target achievement rate	110%				

* *Calculated as the average deployment rate recorded in Group countries.*

Compliance program coordination and monitoring

Coordination of this compliance program is entrusted to an internal, multidisciplinary committee, meeting on a quarterly basis under the supervision of the Group's Legal Department. Its two main tasks consist of defining core areas of concern, and monitoring the results of these actions. This Compliance Committee reports annually on its work to the Group Risk Committee, which reports to the Audit Committee and the Board of Directors.

The compliance risk analysis is included in Legrand's overall risk map, each risk being assessed on the basis of an occurrence/impact matrix (for more information on risk management, please refer to chapter 4 – Risk factors). Risk is managed by the Group Audit and Internal Control Department.

Monitoring procedures and policies associated with compliance are fully integrated within the Group's internal control program. Since 2006, as part of the annual assessment of key controls reviewed by the Internal Audit Department and extended to all subsidiaries, five controls in particular pertain specifically to the issue of compliance program deployment (see paragraph 4.6.2 of this Registration Document for more details of the Group's internal control approach).

For example, with particular regard to the risks of its downstream economic chain, since 2009, Legrand has implemented a detection procedure for economic actors subject to sanctions and/or considered to be exposed to money laundering or the financing of terrorist activities. This customer compliance program (Know Your Customer) relies on consolidated data through a financial services provider specializing in this field. Every two months, an updated list of companies categorized as exposed or sensitive, covering all the Group's markets, is communicated to Legrand. This list is compiled from lists defined by the US Office of Foreign Assets Control (OFAC) and the European Commission. All of these elements are forwarded to the Group's subsidiaries, which confirm several times a year that their customer portfolios do not include companies from these lists.

All of these checks are reviewed annually by the Internal Audit Department. For 2014, 72 entities have been assessed out of a total of 75 entites. The rate of deployment of the compliance program within the Group's subsidiaries has been adapted depending on the size and criticality of the subsidiaries:

- most exposed and most significant subsidiaries: 90% deployment of the program's key stages by the end of 2015 and 100% by the end of 2016;
- other subsidiaries: 90% deployment by the end of 2016 and full deployment by the end of 2017.

In addition to the procedure described above, joint audits between the Internal Audit Department and Legal Department may be performed in the Group's subsidiaries considered to be most at risk for non-compliance with good business practices. During these audits, efforts to raise awareness of these principles may be conducted with local teams based on the practices identified.

Finally, the Group endeavors to communicate the results of the program and any non-compliance. In line with this principle, the Group does not currently consider there to be any extraordinary circumstances or government, legal or arbitration proceedings that have a significant probability of materially affecting, or that have recently affected, its financial position, assets or business.

No legal action is pending against the Group for anti-competitive behavior, violations of antitrust laws or monopolistic practices. No legal action is pending against the Group for non-compliance with laws and regulations that govern business ethics, with one exception as disclosed below. In these last two matters, no major financial or non-financial sanctions were applied to the Group.

However, it should be pointed out that a subsidiary of the Group was indicted by the French courts in 2012 following items published in the Volker report concerning the program implemented by the UN from 1996 to 2003 in the context of economic sanctions imposed on Iraq. In May 2013, the examining magistrate issued a decision referring this subsidiary along with 12 other French companies for trial before the Paris Criminal Court. The compliance program set up by the Group and described below is a tool aiming at preventing the occurrence of such risks.

A total of 12 cases of fraud or attempted fraud outside the Group were recorded in 2014 (compared with 10 in 2013). However, none of these cases presented a significant issue for the Group. Corrective action plans have been systematically implemented to address the risks identified. In accordance with the Group's governance principles, these cases have been reported to the Group Audit Committee.

For more information on Group ethics, see our website www.legrand.com/EN.

5.3.2 - Ensuring responsible purchasing

Faced with market globalization, Legrand works with suppliers from a variety of countries and cultures, which often have very different social and environmental practices. The Group seeks to establish sustainable, balanced and mutually beneficial relations with them, within a clear relational framework. These principles constitute the **Group's purchasing policy**, which is implemented by a centralized purchasing department and enforced by a purchasing division present internationally at the Group's units and close to the Group's in-house customers, departments and SBUs (strategic business units). The Group's **responsible purchasing approach** is based on the principle that the ethical, environmental and social rules applied by Legrand do not stop at its subsidiaries and production sites; they also apply to its suppliers and subcontractors. Legrand therefore expects its suppliers to meet the same standards of responsibility that it imposes on itself. For example, Group suppliers are encouraged to abide by the principles of the Global Compact. Compliance with these rules is an important criterion in supplier selection and management.

A sustainable purchasing manager within the Group Purchasing Department is responsible for the monitoring and implementation of responsible purchasing rules.

The inclusion of suppliers in the Group's CSR strategy involves taking into consideration its requirements and aims in the Purchasing Quality Management System and in supplier relationship management tools. The Group Purchasing Department relies on a Quality Management System (QMS). The Department and the purchasing organization in France have both been ISO 9001-certified since 2007. Since that date, the Group's other European sites have gradually become ISO 9001-certified and enforce purchasing quality procedures accordingly. In 2014 the new policy of the Legrand Group's Purchasing Department was to ensure that the Department and the purchasing organization in France kept their ISO certification and to produce simple guides on how to deploy key procedures such as contracting, supplier approval, and supplier risk management. The scope of application was extended to all purchasing departments of all Group entities. The guides were prepared in 2014 to simplify the Group purchasing quality process and will be implemented in the Group's host countries in 2015 under the supervision of the purchasing quality manager.

In terms of monitoring, the Group Purchasing Department has a reporting tool enabling it to have not only a consolidated view of purchase amounts per supplier, whether it is a local supplier or supplies to several Group sites, but also an overview of each purchasing family. Group purchases represent nearly 33% of sales for raw materials and components, to which purchases of services and investments must be added. All of these purchases are made with two major families of suppliers:

- Group panel suppliers, who, as major players in their market and key Legrand partners, support the Group in its international projects. Corporate buyers and Lead Quality Specialists establish a close, privileged and sustainable relationship with them. In 2014, the Group worked with 474 suppliers on the Group Panel who satisfy multi-site and multi-country needs and account for around a third of the Group's total purchases;
- local suppliers, who meet the specific needs of a site and are managed by local buyers at the sites concerned.

Supporting the Group's suppliers in making improvements

This concerns all of the Group's suppliers and subcontractors in each country. The priority is to identify likely suppliers and assist them with making ongoing improvements to their environmental, social and societal performance.

Group priority 2014-2018

Support 100% of sensitive suppliers in deploying an improvement approach on environmental issues, fundamental Human Rights at work, and business ethics.

Indicator: performance of overall risk analysis (2014); percentage of suppliers at CSR risk covered by adequate action plans (from 2014 onwards).

2014 achievement:

The CSR risk analysis carried out in 2014 made it possible to assess the starting points and inventory of action plans to be implemented. It also identified 121 so-called "sensitive" suppliers in terms of CSR risk (see section below, "Approving and contracting with suppliers"). The corresponding action plans will be implemented in early 2015. Their effectiveness will be one of the criteria for assessing the performance of the entities' purchasing managers and will be monitored by the Group Purchasing Department.

	2014*	2015	2016	2017	2018
Target achievement rate	100%				

* *Determined compared with the overall risk analysis target.*

Fundamental principles

Since 2007, in accordance with Legrand's adherence to the UN Global Compact, the Group Purchasing Department launched an awareness campaign to encourage Group panel suppliers to sign the Global Compact. Around 60% of purchases made from this panel have been with suppliers who have joined the Global Compact.

In 2009, Legrand participated in the development of the "Ten Commitments for Sustainable Purchasing" Charter through the CDAF (Compagnie des Dirigeants et Acheteurs de France). This is now known as the "Responsible Supplier Relations Charter", and governs relations between prime contractors and their suppliers. In early 2010, Legrand was one of the 28 original signatories to this Charter, which now has more than 500 signatories.

In 2012, to anchor its commitments to its practices, Legrand applied for the certification of the Charter and was one of the first four French companies to get the "Responsible Supplier Relations" label of approval upon the recommendations of Vigeo, a non-financial rating agency. This is awarded to French companies that demonstrate sustainable and balanced relations with their suppliers following the implementation of the ten commitments of the Charter of Intercompany Relations. At the end of 2014, 26 "Responsible Supplier Relations" labels had been awarded, representing a total purchasing portfolio of €75 billion per year. These major corporations, banks and government departments meet quarterly to share and advance best practices in responsible purchasing. In 2014, Legrand worked on a supplier dependency project with Médiation Inter-entreprises (a French government B2B mediation department) and one of the Group's suppliers. The project led to the preparation of a good practices guide.

Lastly, it is worth noting that at the end of 2013 and again at the end of 2014, Vigeo carried out two new audits in respect of Legrand's commitments to the "Responsible Supplier Relations" label. In 2014, the audit focused on the label's six unacceptability criteria. For the scope of the items audited, Vigeo did not identify any that contravened the commitments defined in the Responsible Supplier Relations Charter and as a result, Legrand retained the label.

Involving and training buyers

Supplier relation actors, including buyers, purchasing quality specialists or designers, are involved in the Group's CSR strategy through all the purchasing procedures that are gradually incorporating CSR principles. Awareness is also raised either through general information (Group strategy, education about audits or rating agencies, etc.), or through operational training, such as in High Environmental Performance products (Product Environmental Profiles, substance management, etc.). In its purchasing policy, the Group Purchasing Department has made a commitment to develop the skills of all actors in the purchasing division.

Since 2011, a special section on CSR has been included in a training module on the fundamental principles of purchasing for all Group buyers. This section lists the Group's commitments as well as the main principles of the UN Global Compact and the role of buyers in the responsible purchasing process with a special focus on business ethics. Since 2011, more than 80 buyers have received training, across some 15 countries, including China, Brazil, Mexico, France, Hungary, Egypt and Russia. This module is often used for the initial training of new buyers. In France, the training module for new buyers was revised in 2014 and now focuses on the 10 principles of the Responsible Supplier Relations Charter.

Other initiatives should also be mentioned:

- in 2013, lead project buyers in the finished products, electronics and components markets received specific information on the European Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), European Directive 2002/95/EC on the Restriction of Hazardous Substances (RoHS), as well as PEPs (Product Environmental Profiles), reminding them of the commitments undertaken by the Group and informing them of the internal tools developed, particularly for finished products most likely to contain substances targeted by the REACH Regulation and the RoHS Directive;
- the ethical purchasing code was introduced in France at the end of 2012. Its aim is to ensure that Group employees, whether involved in an ongoing or occasional relationship with a supplier or likely to influence the purchasing act, behave in accordance with the Group's business practices, particularly in terms of ethical conduct;
- in 2013, 28 people liaising with suppliers worldwide received training on the ethical purchasing code (the entire Management Committee team of the Group Purchasing Department, lead buyers for materials and components, and project buyers). To standardize practices within the Group and coordinate their

implementation, the ethical purchasing code was integrated into the Group's compliance program. In 2014, Group internal audit rated the French Purchasing Department's deployment of the Group compliance program at level 2 on a scale of 1 (highest rating: satisfactory) to 4 (lowest rating: inadequate). Remedial action is planned for 2015.

Purchasing teams can access training materials for responsible purchasing in an area dedicated to the Group responsible purchasing process on the intranet of the Group Purchasing Department.

Approval and supplier contracting

Formally, the Group manages its responsible purchasing strategy with its suppliers via its Purchasing Quality Management System (QMS), mentioned earlier, and via the following:

- Purchasing Specifications, a contractual document which since 2007 has contained Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and standards in force for both environmental and social matters. The document includes the ten Global Compact principles;
- a responsible purchasing code containing three rules governing supplier selection, namely:
  - in agreement with the ILO (International Labor Organization), regardless of the laws of the country, the supplier must never employ children below 15 years of age,
  - the supplier should have completed an evaluation of occupational risks associated with its business and implemented the necessary actions to control them,
  - the supplier should have completed an evaluation of environmental risks associated with its business and implemented the necessary actions to control them;
- General Purchasing Conditions, which include a supplier mediation process in the event of a dispute, by appointing an internal ombudsman from outside the Purchasing function.

These documents are available from the resource center on our website www.legrand.com/EN.

Together these aspects provide a structure for the supplier relationship during a series of operational phases, the extent of which depends on the issue, risk and type of supplier, regardless of location. These include approval, contracting, visits and audits, and risk and incident management.

- **Approval**: the approval process includes the rules on sustainable purchasing taken from the Group's responsible purchasing code described above. The approval procedure includes a CSR questionnaire, which is used to assess the maturity of the suppliers concerned in terms of CSR. It contains 28 questions on the supplier's social, health and safety and environmental commitments. Corporate buyers and lead quality specialists are the main parties involved in this analysis. Note that a question on the control of tier two suppliers is included, especially in subcontracting activities for operations exposed to an environmental risk, such as surface treatment.
- **Contracting**: the rules on the preparation and approval of Group and local contracts concern all Group units and are included in the financial procedures; in addition, supplier contracts contain a paragraph on the supplier's corporate social responsibility.
- **Visits and audits**: suppliers are visited regularly to review technical, quality, environmental, social or logistical issues. In order to be approved, the Group's accredited suppliers for materials and components are systematically audited on-site by buyers and quality professionals based on criteria incorporating aspects related to the organization, ethics, environment and risk management.
- **Risk and incident management**: supplier risk analysis is carried out each year by all buyers. The supporting analysis grid includes around a dozen criteria and is reviewed at the beginning of each year for any necessary changes. In 2014 the grid was adapted in order to flag suppliers exposing the Group to CSR risk. The results are presented annually to the Group Risk Committee (for more information on the Risk Committee, please refer to section 4.6.2.2 of this Registration Document). Since the supplier risk analysis campaign was launched in 2009, more and more Group sites have been implementing this method, with results consolidated by the head of purchasing quality within the Group's Purchasing Department. For example, in 2014 all Group production entities with their own purchasing department performed this analysis. This amounted to some 50 production entities in 26 countries, Following this analysis, action plans are drawn up for at-risk suppliers, steered by the local purchasing department and monitored in the purchasing quality database. The most sensitive situations are reviewed monthly by the Purchasing Department Committee. In addition, a central report is periodically prepared on supplier defaults by the purchasing performance controller.

In short, suppliers are assessed based on CSR criteria by incorporating the concepts of corporate social responsibility into two major processes: the approval of new suppliers and the risk analysis carried out each year on existing suppliers (see above).

Suppliers that may expose the Group to CSR risk are detected based on the accumulation and weighting of certain risk-grid criteria: purchasing group (mainly to target groups with the highest environmental risks), countries (including the Transparency International classification in terms of corruption), single-source, mutual economic dependency, and whether or not the supplier has signed the Global Compact. For 2014, the results of this analysis are as follows:

- 121 suppliers said to be exposed to CSR risks have been detected based on an analysis equivalent to 50% of total Group purchases;
- these 121 suppliers account for approximately 4.6% of the Group's total purchases.

Following this initial analysis, conducted by buyers at all Group entities, additional action plans will be implemented to validate or invalidate these initial results and, where necessary, mitigate the risks identified. These action plans will routinely begin with a documentary audit of the supplier to validate its position in terms of CSR. Based on the results of these documentary audits, other actions will then be undertaken, depending on the critical nature of the information compiled:

- relationship maintained with the supplier concerned but as part of a monitoring program devised by affected stakeholders (buyers, in-house customers, etc.);
- in extreme cases, removal from the supplier portfolio.

It should be noted that the list of suppliers identified as exposing the Group to CSR risks, initially drawn up based on objective criteria (purchasing families, risk countries, etc.) is likely to evolve in the light of discussions with Group subsidiaries and refinements made to action plans.

Management of hazardous substances and conflict minerals

Questions relating to hazardous substances and the eco-design capability of suppliers are covered in the supplier evaluation questionnaire. This specifically refers to the REACH Regulation (Registration, Evaluation, Authorization and restriction of Chemicals) and Directive 2002/95/EC on the Restriction of Hazardous Substances (RoHS). For example, suppliers must disclose whether the six substances identified in the RoHS Directive are present in the products they supply to the Group. Reflecting the Group's commitment, one of the four rules of the sustainable purchasing code focuses on compliance with the restrictions on use of substances laid down by the RoHS Directive, which thus becomes a priority target for Group buyers.

Suppliers of raw materials, particularly plastics, are also encouraged to send their material safety data sheets (MSDS) to Legrand via a generic e-mail address. A panel of central materials laboratory experts has joined buyers to identify the types of materials and items purchased with a high probability of containing REACH substances. The aim is to prioritize the constructive consultation of the suppliers concerned. To comply with this regulation, a REACH process has been put in place.

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.

Legrand North America subsidiary (LNA) is committed to respecting the *"Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas"* and the applicable requirements of section 1502 of the Dodd-Frank Act, which seeks to prevent the use of minerals that directly or indirectly finance armed groups in the Democratic Republic of Congo or in neighboring countries ("conflict minerals").

As a consequence, LNA requires its suppliers to pledge to be or become "conflict free" (which means that this type of supplier does not source minerals from conflict zones) and to use only guaranteed "conflict free" foundries wherever possible. LNA 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 it buys.

In addition, and even if, given the nature of its business, the Legrand Group is never in a position where it has to purchase directly any minerals in their primary form, the Group is keen to recognize the issue of conflict minerals in its responsible purchasing policy. Indeed, in 2014, the Group has worked on this topic regarding its BACO products range. This approach resulted in the analysis of products containing cassiterite (tin ore), coltan (tantalum ore), wolframite (tungsten ore) and gold, and in the identification of potentially impacted suppliers. Specifc requests have been addressed to those suppliers which all confirmed those suppliers were commited to having conflict-free supply chains in Africa.

For more information on responsible purchasing within the Group, see the section on our website www.legrand.com/EN.

5.3.3 - Enabling access to electricity for all

Because electricity is a crucial factor in a country's development, Legrand considers it its duty to ensure that as many people as possible have sustainable access to electricity.

This responsibility is met via a sponsorship policy that seeks to reduce energy inequality around the world. The aim is both to enable universal access to electricity and to combat electricity poverty. The policy is deployed on three levels:

- a special partnership between the Group and the NGO *Électriciens Sans Frontières* on development and emergency aid;
- a foundation under the aegis of the *Fondation Agir contre l'Exclusion* (FACE) to combat social exclusion and electricity poverty;
- local initiatives by Group subsidiaries, tailored according to local needs.

The total budget allocated to charitable activities amounted to more than K€772 in 2014 in monetary or material donations. These initiatives are accompanied by skills sponsorship by Group employees.

5.3.3.1 ALLOWING THE GREATEST POSSIBLE NUMBER OF PEOPLE TO HAVE ACCESS TO ELECTRICITY

Since 2007, the Group has been a partner of *Électriciens Sans Frontières*, an international NGO campaigning for wider access to energy for people in developing countries.

Legrand's support for *Électriciens Sans Frontières* takes the form of financial aid and the supply of equipment, as well as involving Group employees who offer their personal or professional skills, becoming directly involved on the ground or by providing training or technical support.

Group priority 2014-2018

Aim to enable 800,000 additional people to benefit from access to electricity, whether directly or indirectly.

Indicator: number of people with access to electricity under the partnership with Électriciens Sans Frontières.

2014 achievement:

In 2014, joint action with *Électriciens Sans Frontières* led to 225,400[1] people benefiting directly or indirectly from access to power, which brings the number of beneficiaries to 1.325 million* since 2007.

	2014*	2015	2016	2017	2018
Target achievement rate	141%				

* *Calculated against a target of 160,000 people for 2014.*

Results of partnership initiatives

Legrand offers long-term support for development projects, and occasionally donates aid to emergency humanitarian actions. This concerns three major types of electrification project:

- educational establishments, for example to open access to multimedia technologies for inter-college communication, or the installation of security lighting to enhance safety at sites;
- hospitals, for safer surgery, refrigerated storage of vaccines, and medical consultations at night;
- entire villages, to improve the daily lives of families through sustainable access to electricity using renewable energy.

Since 2007, Legrand has contributed to the work of *Électriciens Sans Frontières* in more than 100 electricity access or emergency aid projects in Africa, Asia and Latin America. This equates to action in over 20 countries (in particular Argentina, Benin, Burkina Faso, Cambodia, Central African Republic, Congo, Ethiopia, Haiti, India, Laos, Madagascar, Mali, Mauritania, Nepal, Niger, Pakistan, Peru, Senegal, Chad, Vietnam).

In 2014, Legrand continued its support for *Électriciens Sans Frontières* through 22 projects across 12 countries in Africa and Asia. Projects included supplying power to childcare facilities and improving the water supply to community centers in Malaz, Isotry and Laniera in Madagascar, the electrification of a maternity hospital and school in the Nonghet region of Laos, and the electrification of a school and healthcare center and creation of market gardens in the province of Kouritenga in Burkina Faso.

The Group's partnership with *Électriciens Sans Frontières* relies particularly on the sales teams of the Group's French brands, which have taken action to raise money for two projects organized by *Électriciens Sans Frontières*: "1,000 solar street lights installed in Haiti" and "Electricity for health and education in Africa". Since 2011, numerous initiatives have been organized by the teams in support of these programs, including commercial operations with the sale of products for charity (with a portion of the proceeds going to the NGO) and promoting *Électriciens Sans Frontières* at trade fairs, sporting events (tournaments, marathons) and gala dinners, as well as concerts, a book fair and a Haiti craft fair. All

(1) *Data provided by Électriciens Sans Frontières indicating the number of people potentially affected by projects supported by Legrand.*

proceeds go to *Électriciens Sans Frontières*. This has helped bring lighting to around 20,000 Haitians and to pay for electrification projects in schools and clinics since 2012, mainly in Burkina Faso, Togo, Senegal and Madagascar. For example, the proceeds from the concert held for the fourth consecutive year went towards an ESF project in Cameroon, with the aim of helping the Sawa communities in the Douala and Kribi regions to form businesses and develop family-run, micro shrimp-farming units.

In 2014, 13 operations took place involving some 80 people from Legrand's sales teams, as well as the Group's distributors and installers.

Group subsidiaries provide logistical and organizational support to volunteers working for *Électriciens Sans Frontières* whenever possible. This may take the form of delivering equipment or loaning premises for training. For example, in 2013 Legrand's subsidiary in the Philippines provided equipment and logistical support to *Électriciens Sans Frontières* for its efforts following Typhoon Haiyan, which devastated the archipelago in early November.

Focus: *Électriciens Sans Frontières,* a leader in providing access to electricity

Électriciens Sans Frontières is an international aid organization. It organizes projects for those whose development or even survival are under threat without secure and sustainable access to electricity. It also offers its expertise to international aid organizations to improve the safety of electrical installations around the world, particularly in healthcare and teaching facilities. Finally, it is deployed on emergency missions during humanitarian disasters. To find out more, visit www.electriciens-sans-frontieres.org.

More information about the partnership with *Électriciens Sans Frontières* can be found on our website (www.legrand.com/EN).

Legrand *Electricity for all*™ program

In the knowledge that access to energy is crucial to achieving economic growth and reducing poverty in developing countries, Legrand is committed to improving access to electricity for everyone throughout the world. This is why the Group and its subsidiaries have taken action to enable access to electricity and combat energy poverty within the framework of the Group's sponsorship policy, as well as through the program *Electricity for all*™, launched in 2013.

This program is an integral part of the business strategy and is backed by the Group's General Management. Global in scope, it is steered by Legrand's Director of Sustainable Development and Strategic Processes. It brings together internal and external stakeholders, from the Group's employees to development aid organizations.

The initiative structures all Group and subsidiary actions in this area around two pillars:

- **to enable access to electricity**, through aid partnerships such as the one with *Électriciens Sans Frontières*, and exploratory research missions carried out on a collaborative basis;
- **to combat energy poverty** with a frugal innovation approach, leading to the development of product ranges that meet basic needs and solutions designed to improve energy efficiency (and therefore reduce energy bills).

More information on the partnership with the *Legrand Electricity for all™ program* can be found on our website (www.legrand.com/EN).

Focus: Electrification schemes and support for underprivileged communities

Alongside the work carried out in partnership with the NGO ESF, some Group subsidiaries offer support to underprivileged local communities. Examples of this include:

- Peru, where the Group's subsidiary is a partner of the "Casa Segura Rural" project, whose aim is to install safe electrical systems in rural areas. This project should ultimately cover nearly 81 rural communities. Today, the project phase has already enabled 1,585 electrical connection points to be made safe in buildings (for more information, visit www.programacasasegura.org);
- India, where the local subsidiary and its employees raised money for the Confederation of Indian Industry, CII, for a scheme to rebuild schools in Tehri Garhwal following the massive flooding of the rivers Alakhnanda and Bhagirathi, triggering landslides that killed over 20,000 people and caused widespread damage to properties in the five districts affected (Rudraprayag, Chamoli, Uttarkashi, Pithoragarh and Tehri Garhwal).

5.3.3.2 COMBATING EXCLUSION AND ELECTRICITY POVERTY

For Legrand, reducing inequalities means supporting those who are excluded, disadvantaged or discriminated against. This long-term commitment led in 2014 to the creation of the Legrand Foundation under the aegis of the Fondation Agir Contre l'Exclusion (FACE), a registered non-profit organization.

The Legrand Foundation aims to combat exclusion linked with a loss of independence and electricity poverty, and to promote education and access to employment, particularly in the electrical sector.

The contribution of the Legrand Foundation takes the form of material assistance, voluntary work, skills sponsorship and financial support.

The Legrand Foundation forms part of the framework of the *Legrand Electricity for all*™ program, which aims to take sustainable action to reduce energy inequality.

Group priority 2014-2018

Ensure the widest possible access to the initiatives of Legrand Foundation.

Indicator: number and type of projects carried out by the Legrand Foundation.

2014 achievement:

In 2014, the Legrand Foundation initiated five projects covering all of its action areas.

	2014*	2015	2016	2017	2018
Target achievement rate	100%				

* *Determined from the four areas in which the Foundation operates: electricity poverty, loss of independence, education and access to employment.*

Action areas

The Legrand Foundation operates in four areas: loss of independence, electricity poverty, education and employment.

In each of these areas, the Legrand Foundation seeks to create or recreate the social link for all those who are excluded, disadvantaged or discriminated against. It initiates or supports simple, local initiatives, giving priority to grass-roots solutions rooted in the fabric of French communities. These actions are all consistent with Legrand's business activity and geographical footprint.

Loss of independence for housing that allows people to continue living at home

Assistance for independent living and continued living at home represents a major issue in society. There are 1.2 million dependent people in France. We are also witnessing the growth of an ageing population: 24% of the French population will be over the age of 65 by 2030. Furthermore, 80% of French people want to stay in their own home for as long as possible (source: OECD, Inequality Watch). Yet not everyone has the means to adapt their home to compensate for a loss of independence.

Mindful of this, the Legrand Foundation is keen to assist ageing or dependent persons who are financially insecure, particularly those living in social housing. The Foundation relies on the Group's expertise and its wide range of solutions as a pioneer in the field of assisted living.

Electricity poverty: combating electrical risk and improving energy efficiency

Electricity poverty is becoming a major issue for society. According to recent estimates, at least 3.4 million households are now living in energy poverty in France, spending more than 10% of their budget on energy (source: ANAH). On the other hand, because the age and malfunctioning of electrical systems in individual or collective housing presents safety risks: 7 million dwellings in France have a potential electrical risk, while 30% of fires recorded in France have an electrical cause (source: Promotelec and Consuel).

The Legrand Foundation aims to bring a fresh perspective to this problem using the Group's know-how and its solutions to improve energy efficiency and electrical safety in the home. It wishes to promote awareness among builders, social housing authorities, electrical installers, and the most underprivileged occupants.

Education: building a career plan in the electrical sector

Every year, the electrical sector in France has more than 100,000 students and apprentices training for electrical trades, whether at vocational colleges or engineering schools. Many young people leaving vocational colleges, Apprentice Training Centers, technical colleges, AFPA centers and engineering schools are professionally qualified and are preparing to enter the job market for the electrical sector.

The Legrand Foundation is keen to support these young people and make them more employable.

The Foundation relies on Legrand's knowledge of the training curriculum for electrical trades, and on the special relationships between the Group and the relevant training establishments. It also benefits from the Group's close ties with numerous companies, particularly local firms and small businesses, via its network of installers and specifiers.

Employment: supporting access to employment

Access to employment is becoming a concern for the whole of society. For all sections of the population, the average time taken to find a job or return to employment is 359 days (source: INSEE). The issue is even more crucial for certain groups, for example when embarking on a career or for those who are discriminated against when looking for work. The unemployment rate among under-25s is almost 25%. In addition, the level of precarious employment among under-25s is close to 50%.

Based on this fact, the Legrand Foundation supports access to employment for those sections of the population that suffer the most discrimination. In particular, it wants to support young people, older workers and women in their job search. The aim is to facilitate their social and professional integration in the electrical sector.

Organization

The Legrand Foundation is structured around an Executive Committee, made up of three members from Legrand, one person from the FACE Foundation and one external qualified person, a Steering Committee, which identifies and coordinates the Foundation's projects, and a dedicated team responsible for the day-to-day tracking of projects.

Focus: *Fondation Agir Contre l'Exclusion (FACE).*

A registered non-profit organization, FACE encourages the social and societal engagement of local industry. Thanks to its network of local associations, it now involves more than 4,750 companies, both large corporations and SMEs, and has become the first enterprise network in France to focus on CSR, integration, education, and access to services.

In keeping with its strategy of proximity, the FACE Foundation is opening new offices every year (63 in France and worldwide) and extending the scope of its action. Its aim is to create centers of expertise based on its five areas of action: within companies, for employment, at school, in daily life, and with participants from the region. Within each of these areas, actions and training courses are administered by the Clubs, with active participation from the partner companies and their employees. To find out more, visit www.fondationface.org.

For more information about the Legrand Foundation, visit the website www.fondationlegrand.org.

5.4 - COMMITTING TO OUR EMPLOYEES

With more than 36,000 employees worldwide and sales and production sites in over 80 countries, Legrand pursues its business development with particular attention to the working conditions of its employees and to its social responsibilities.

The Group intends to guarantee the observance of Human Rights all over the world. It is also committed to safeguarding the health and safety of all employees. Legrand strives to develop the skills of each individual and to foster diversity. Only by helping its employees to grow, can Legrand progress and help move its business sector forward.

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

- managing the Human Resources of the various entities, taking into account the issues and business priorities, and ensuring the best possible match between needs and resources;
- getting the best out of the Group's employees by implementing tailored talent development and performance recognition strategies, thereby fostering employee engagement;
- attracting, developing and retaining talent, and thus matching the Group's Human Resources with its future needs;
- encouraging diversity by promoting the internationalization of teams and ensuring that the Group's HR processes comply with the principle of non-discrimination and equal opportunities;
- supporting organizational change to allow ongoing dialogue within the company, and thus constantly adapt the organization and its people to the issues facing the Group.

The human resources policy is the responsibility of the Director of Human Resources. It is managed horizontally by the Group, with centralized management targeting key positions and resources. It is deployed in subsidiaries and managed by local human resources departments.

For more information on the Group's human resources policy, visit the Careers section of our website www.legrand.com/EN.

5.4.1 - Respecting Human Rights

GUARANTEEING THE GROUP-WIDE APPLICATION OF THE UNIVERSAL PRINCIPLES OF HUMAN RIGHTS AT WORK

The Group complies with regulations in force in the countries in which it operates. Regardless of the local context, Legrand refers to voluntary principles and standards of responsible behavior with regard to Human Rights, in particular:

- the Universal Declaration of Human Rights;
- the International Labor Organization (ILO) Declaration, particularly the eight conventions on the fundamental principles and rights at work;
- the Global Compact's principles for Human Rights and labor standards;
- the UN Guiding Principles on Business and Human Rights (John Ruggie report), which recommends a three-pronged approach: protect, respect and remedy.

All of the above rules provide a structural framework for Legrand's policy.

In all its host countries, Legrand is committed to the progress of rights and to ensuring a legal and human framework for the workplace, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in employment and occupation, and preservation of health and safety. Where necessary, the Group undertakes to:

- remedy rights violations against employees on its sites;
- eliminate all forms of forced or compulsory labor and child labor;
- eliminate discrimination with respect to employment and occupation;
- preserve health and safety at work.

The Group also operates a responsible procurement policy that takes into account the rights of the employees of the Group's suppliers. This is included in the supplier approval procedure. Rule 1 of the Group's Sustainable Purchasing Code relates to child labor (ILO convention 138 on minimum age).

For more information on the Group's responsible procurement policy, please refer to section 5.3.2 of this Registration Document.

Matters related to Human Rights are jointly managed by the Sustainable Development Department and the Human Resources Department.

Group priority 2014-2018

Map and assess on an annual basis the exposure of the entire Group workforce to the risk of violations of Human Rights at work and institute remedial action as necessary.

Indicator: coverage of Group employees assessed for potential Human Rights violations.

2014 achievement:

In 2014, 50% of the Group's workforce deemed to be exposed to potential Human Rights violations was assessed (see section below, "Procedure and management").

	2014*	2015	2016	2017	2018
Target achievement rate	100%				

* *Calculated against a coverage target of 50% of the Group's workforce for 2014.*

Procedure and management

Since 2012 Legrand has mapped threats to Human Rights at work. It classifies the countries where the Group operates, based on the ratification of the eight ILO conventions on fundamental principles and rights at work and the *Freedom in the World index*. This revealed that in 2014, 66% of the Group's workforce, excluding acquisitions in the past three years, is based in "free" countries. A total of 34% of employees are based in countries that are either "not free" (25%) or "partially free" (9%).

A self-assessment, based on the methodology of the *Danish Institute For Human Rights*, was deployed in 11 of the Group's host countries considered as "not free" or "partially free" (according to above methodology), and with staff number above 50 people, namely Saudi Arabia, China, Colombia, United Arab Emirates, Egypt, Malaysia, Mexico, Russia, Thailand, Turkey and Venezuela. Accordingly, in 2014, three self-assessments were performed jointly in Saudi Arabia, China and Mexico by the affected countries' human resources teams and by the Group's HR Department. Those self-assessments were made in addition to those already made in Thailand and UAE during 2013.

The goal of those self-assessments was to assess compliance with fundamental rights at work, within the identified countries. Those first assessments confirmed the fact that neither forced labor nor child labor situations, according to the ILO conventions, were in use in the corresponding Group's factories. They also allowed the identification of some improvement actions

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regarding some already existing Group's processes, but requiring a more formal deployment, in particular regarding some Human Ressources processes such as job descriptions, formalization of labor contracts, and communication of the Group's Prevention Charter.

Those questionnaire results will come up with action plans in order to improve the rights of the employees concerned.

Focus: Creation of a "Head of HR-societal issues" position

The above position was created within the Group's Human Resources Department in mid-2014. With specific responsibility for implementing HR initiatives and the priorities contained in the Group's CSR roadmap, the position represents an important functional link to the Group's Sustainable Development Department. Its incumbent is also the sole point of contact between the Group and all subsidiary HR departments on HR issues related to Legrand's CSR, and is tasked in particular with deploying the Human Rights program throughout the Group.

Union representation and social dialogue

Legrand fosters the development of labor relations and social dialogue, and takes into account laws and practices in its various host countries. This consists of promoting optimal working conditions and driving the changes required for the Group's expansion.

Labor relations management relies on employee representatives. Managers in France receive training on labor relations to help them fulfill their role as local labor-relations contacts. For example, in France, monthly "Labor Relations Management" meetings are held with key managers and HR to manage labor relations.

Improving social dialogue involves creating bonds and trust within employee-representative bodies both at the country level, through information meetings, consultations or negotiations that might lead to the signature of a national agreement, and at the regional level, through the European Works Council, for example. As a result, in 2014:

- 83% of Group employees were employed in entities in which there is an employee representative body or union;
- 57% of Group employees were covered by collective agreements or agreements applicable to their entity;
- 1,130 information or consultation meetings with employee representative bodies or unions were held in 2014;
- 133 new collective agreements were signed in 2014, covering 16,492 people within the Group in mature countries and in the new economies.

For further information about Human Rights within the Group, please visit www.legrand.com/EN.

5.4.2 - Guaranteeing health and safety at work

Legrand's prevention policy pertaining to employee health and safety is designed in accordance with the International Labor Office's ILO-OSH 2001 benchmark. It applies to all Group subsidiaries and sites. It encompasses occupational risk management and improvements to health and safety at work and is based on three principles:

- compliance with national legislation and regulations;
- incorporation of safety into industrial policies in all functions and at all levels;
- harmonization of prevention strategies.

The HR Occupational Health and Safety & Societal Responsibility (HR OHS & SR) Department, which reports to the Human Resources Department, steers the prevention policy and its implementation, relying on a network of on-site prevention correspondents and prevention managers in the Group's SBUs (Strategic Business Units). Delegations of authority, or equivalent mechanisms, are established to formalize the responsibility of the managers of each Group entity, especially when it comes to the prevention of occupational risks. Job descriptions are worded to ensure that occupational health and safety is recognized as the responsibility of all employees, whatever their rank and position.

The Group establishes directives and benchmarks appropriate to its line of business. For example, the principle of not introducing new substances classified as CMR (carcinogenic, mutagenic or toxic to reproduction) into the manufacturing process, insofar as a technical solution exists, was added to Group Purchasing Specifications. Another example is the Group directive on workplace equipment (so far deployed only in France), which requires that purchasing contracts contain clauses to ensure that newly acquired machinery complies with all applicable legal provisions, and that a compliance inspection be conducted each time equipment is moved. The directive also defines rules that must be respected to ensure proper maintenance of machinery in use.

5.4.2.1 CONTROLLING OCCUPATIONAL RISK

Occupational risk management is assessed on the basis of eight prevention criteria according to the following prevention reporting process:

- promoting the prevention charter;
- managing occupational health and safety;
- ensuring staff representation on health and safety committees;
- assessing occupational risk;
- managing emergencies;
- providing health and safety training;
- providing first-aid and fire-prevention training;
- preventing risks in situations where independent companies are working on site.

Subsidiaries must fulfill at least six of the eight above-listed criteria for the prevention process to be deemed satisfactory.

Group priority 2014-2018

Implement and maintain a work-related risk control plan covering 90% of the Group's workforce.

Indicator: percentage of employees covered by the occupational risk management plan based on the key principles of ILO-OSH 2001.

2014 achievement:

At the end of 2014, the occupational risk management plan covered 95.3% of the Group's workforce included in Prevention reporting, against a target of 90% set at the end of 2014. This good result is primarily due to closer steering of Group entities, their increased involvement in the CSR policy, and improved reliability of related actions and indicators.

	2014*	2015	2016	2017	2018
Target achievement rate	106%				

* *Calculated against a 2014 coverage target of 90% of the Group's workforce included in Prevention reporting.*

The Prevention Charter, signed by the Group's Chairman and Chief Executive Officer and aligned with the guiding principles of ILO-OSH 2001, formalizes Legrand's commitment to employee health and safety at work. The Charter is promoted by the managers of each entity. It has been widely circulated to employees and is available on the intranet in six languages. It can be viewed at www.legrand.com/EN under the heading "Our Responsibility/ CSR Resource Center".

Depending on the country and size of the site, **occupational health and safety management** is the responsibility of HR or another designated department.

Many countries have health and safety committees (employee representative bodies) at the initiative of country management and in accordance with local laws. The Group is gradually broadening this principle of employee representation to countries where it is not required under local law. Employees and their representatives belonging to these committees have the time and resources to actively participate in their entity's health and safety processes and initiatives, specifically through discussion on all relevant aspects of occupational health and safety, including emergency measures. During 2014, new agreements were signed with labor unions or staff representatives regarding health and safety at work, covering Hungarian entities and the Indian site of Sinnar, representing a total headcount of 646 people.

The assessment of occupational risks (*via* the periodic analysis of hazardous situations and risk levels) helps define appropriate and effective prevention measures. In 2014, 77.5% of Group employees (including production, administrative and logistics workers) were formally assessed for risk, either using tools specific to the entity in question, or using a shared tool offered by the Group since 2013 and tailored to its line of business.

Emergency management identifies potential accidents and emergency situations, prevents any risks that may be triggered under such circumstances, and implements appropriate measures to safeguard people and property (information, training, coordination, communication with the relevant authorities, local responders and emergency services, first aid and medical assistance, fire-fighting and evacuation methods, and so on).

Health and safety training includes preventing risks in the workplace. It may be supplemented by **first-aid and fire-prevention training.** This training improves staff preparedness against risks to their health and safety, particularly by identifying hazardous situations, assessing risk levels and implementing measures to prevent risk, safeguard people and property, and respond to emergencies. More than 90,000 training hours were devoted to these issues in 2014.

To prevent risks when independent companies are working on site, **formal procedures have been implemented that are continually updated** (communication, coordination, information, training, and supervision before and during the work). Criteria for health and safety at work are included in procedures for assessing and selecting subcontractors, and any illnesses and accidents related to on-site work by employees of subcontractors are recorded.

Focus: Security on business trips

The Group also places enormous importance on the safety of its employees when they are away on business. In France, for example, an intranet travel site provides travelers with real-time information for each country based on potential risks and advice published by the French Ministry of Foreign Affairs. It also gives details of the formalities to be completed, the general health precautions before a trip, food hygiene rules, emergency numbers, and information on healthcare, medical treatment and repatriation. The potential occurrence of a crisis situation is covered in the Group's crisis unit procedure managed by the HR Department. To improve its response procedure, the Group encourages its employees to register with the French Ministry of Foreign and European Affairs' Crisis Center by entering their foreign travel plans on its website.

5.4.2.2 MONITORING AND IMPROVING HEALTH AND SAFETY AT WORK

The purpose of monitoring the effectiveness of prevention measures and implementing a progress process is to improve the health and safety data (workplace accidents and work-related illnesses).

A Prevention Reporting Process is in place that assesses six prevention criteria:

- consolidation and monitoring of indicators;
- systematic analysis after a work injury;
- periodic professional (para)medical interviews to monitor health;
- legal and regulatory framework monitoring;
- implementation of a strategy to prevent the risk of musculoskeletal disorders;
- sharing of feedback and best practices on risk prevention at the Group level.

Subsidiaries must fulfill at least four of the six above-listed criteria to reach a satisfactory level of prevention.

Group priority 2014-2018

Implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce in order to reduce the Group accident frequency rate by 20%.

Indicators:

- percentage of workforce covered by the health and safety monitoring and improvement process based on ILO-OSH 2001;
- frequency of workplace accidents.

2014 achievement:

At the end of 2014, the health and safety monitoring and improvement process covered 94.4% of the Group's workforce included in Prevention reporting, against a target of 80%. The frequency of workplace accidents fell by 13.1%, from 8.37 at the end of 2013 to 7.27 at the end of 2014. These good results are primarily due to closer guidance of Group entities, their increased involvement in the CSR policy, and improved reliability of related actions and indicators.

	2014*	2015	2016	2017	2018
Target achievement rate	221%				

* *Calculated against targets of 80% of the workforce included in Prevention reporting as part of the monitoring process, and a workplace accident frequency rate of 8.*

The consolidation and monitoring of health and safety indicators demonstrate the commitment of the entire Group to improving the process of occupational risk prevention. It also seeks to guarantee the representative nature of the results reported.

The systematic analysis after a workplace accident improves occupational risk prevention measures by identifying the causes of the accident and proposing what needs to be done to prevent a similar incident occurring in the future.

Periodic professional (para)medical interviews to monitor health are key to guaranteeing that work does not have an adverse effect on employee health. It is also a requirement of ILO-OSH 2001. A Group procedure sets out the minimum rules applicable, one of which is a medical or paramedical interview at least once every five years. The next step will be the deployment of the Group directive in area(s) where it is deemed most urgent. Some subsidiaries are carrying out specific actions in this regard. In Colombia, for example, the Group's subsidiary is actively committed to the health of its employees. As such, it has set up a program and joint committee on occupational health (COPASO) involving preventive medicine in the workplace and industrial health and safety committees. Periodic health checks are carried out, as well as health awareness-raising and promotional campaigns.

Monitoring the legal and regulatory framework and strict compliance with applicable regulations are a requirement of the Group's prevention strategy. Regulatory monitoring is carried out by every country in which the Group has industrial operations. In France and Italy, "SécuRisk" software, designed for legal and regulatory monitoring, is used to perform compliance checks. It may be offered to other countries as the need arises.

A Group directive **has been drawn up to act as the framework for the implementation of an initiative to prevent musculoskeletal disorders (MSD),** the Group's leading cause of work injury. Crafted by a multidisciplinary working group composed of company doctors and Legrand employees representing a variety of positions (HR, production, manufacturing, accident prevention), the directive provides a screening method to identify situations that could potentially lead to MSD. It contains explanatory information on MSD which are specific to Legrand's activities. This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general, all the risk factors which increase the likelihood of the appearance of MSD, from the development phase of new production or methods of working.

Sharing feedback and best accident-prevention practices at the Group level is an effective part of Legrand's overall strategy to help prevent occupational risk in Group entities on an ongoing basis. This includes audits of, and/or improvements to, equipment, internal investigations or working groups focusing on occupational risk prevention, participation in exchange forums or other prevention-related conferences, measures to prevent emergency situations, and initiatives to reduce or eliminate risks.

For further information about occupational health and safety within the Group, please visit www.legrand.com/EN.

5.4.3 - Developing skills and promoting diversity

Legrand pays special attention to managing the talent of its employees. The Group is also committed to combating any form of discrimination by championing equal opportunities, ethnic representation, and the integration of people with disabilities.

5.4.3.1 SUPPORTING EMPLOYEE DEVELOPMENT BY TAKING INTO ACCOUNT THE GROUP'S CHALLENGES AND DEVELOPMENT

The Group's human resources management has to take into account the company's operational challenges and priorities so that it can match its needs to its resources as closely as possible. The goal is to advance the careers of the Group's employees, foster their commitment, attract talent and build loyalty. This will ensure that the Group will have the appropriate human resources to meet its future needs.

The HR management policy focuses on four key areas of action:

- roll-out of training programs;
- the roll-out of the talent-management process;
- individual appraisal reviews;
- manager retention within the Group.

The policy is steered by the Group's Human Resources Department, which manages the entire spectrum of human resources, targeting in particular key positions and resources and relying on local management in each country. An HR manager responsible for social issues coordinates and implements CSR within his or her respective area.

Group priority 2014-2018

Maintain a proactive approach to managing skills and talent.

Indicators:

- percentage of employees attending one or more training courses (>75% each year);
- coverage of the Group's high-potential employees and specialists by a talent-management process (>90% each year);
- individual appraisal reviews conducted for managers (>90% each year);
- manager retention (>90% each year).

2014 achievements:

- 65% of employees attended one or more training courses during 2014;
- neutralization of the deployment of the Group's talent-management process in 2014;
- 85% of individual manager appraisals were conducted in 2014;
- the manager-retention rate was 96% in 2014.

The Group underperformed on this priority, especially the rate of high-potential employees and experts covered by a talent-management process (see explanation below under "Roll-out of a talent-management process"). The percentage of employees having attended at least one training course was also lower than target. Study of new training tools and procedures will result in an improvement of this performance.

	2014*	2015	2016	2017	2018
Target achievement rate	71%				

* *Average achievement rate of the above four indicators (determined in relation to each of the four targets).*

Roll-out of training programs

The Group's training commitments and policies are as follows:

- to pursue and maintain training programs that guarantee health, safety and well-being in the workplace and are proven to raise performance levels;
- to pursue and maintain training/awareness programs for managers and employees to foster diversity and combat all forms of discrimination;
- to introduce formal individual training courses for talented Group employees to support them in new roles, increase their responsibilities or manage change;
- to continue orientation programs for key personnel at various Group entities in order to help them succeed and acclimatize swiftly to the Group;
- to continue management training to equip new managers with core management skills and strengthen the leadership skills of more experienced managers;
- to train sales teams on new solutions, products and systems to increase sales and boost Group market share.

Cross-functional management is steered either by the Group or locally within the subsidiaries, and allows training needs to be more clearly identified and customized approaches developed. In 2014, a total of 379,056 hours of training were provided at Group level.

Training is provided every year to managers, who play a vital role in identifying priority needs, recommending the development of core competencies, and maintaining and developing the commitment of their employees.

A Group support program has been designed to develop and retain the loyalty of key employees in all subsidiaries. Its goals are to strengthen the sense of belonging to the Group, develop a business network and support skills development. It concerns employees in strategic areas who need to play an intermediary role for the Group in their respective geographic regions.

Coaching programs help employees settle into new positions and also contribute to their personal development. On various sites, team building activities were also implemented to support the creation of new teams and the inclusion of new challenges.

Focus: BTicino virtual university, Mexico, a new approach for training.

The BTicino University is a virtual platform that allows users to attend online classes in a variety of topics (new-employee orientation program, product training, technology, sales and marketing, IT, methodologies, culture, corporate values, etc.). There is training to suit all areas of expertise. The platform is designed for the subsidiary's employees as well as its customers (installers, integrators, distributors' sales representatives, and so on) and is a powerful tool that provide information in an organized and controlled way. The University was launched in August 2014 and has around one hundred employee users and more than 50 customer users. It allows to reach a larger target audience, on a larger geography, Therefore provide ongoing employee training in a way that is optimal in terms of cost and time.

Roll-out of a talent-management process

Optimal management of talent, *i.e.* employees with strong potential who are capable of taking on responsibilities at the Group level, is a key issue for the Group. As currently deployed, in the main subsidiaries, it relies on various processes and tools such as:

- the Organization and Staff Review (OSR) process;
- Prospective Employment and Skills Management (GPEC);
- staff mobility management.

In an ever-changing environment, the aim is to maintain these processes optimally in major subsidiaries, as well as deploying them in other countries, with entities that in most cases have no local HR structure.

In order to help converge practices, Human Resources teams in more than 50 countries and managers in France use a system called Talentis. It manages employee data (such as CVs) and is used in the OSR process.

The OSR process is designed to match the Company's organizational needs to its resources as closely as possible and on an ongoing basis. In particular it handles:

- employee career progress;
- key-post succession planning;
- development or mobility action plans;
- the impact on jobs of upcoming organizational changes;
- certain specific situations, such as employees with high potential or particular expertise.

In 2014 Legrand redefined a number of rules and principles applicable to the OSR process. Consequently, for that year only, the process roll-out was deliberately cancelled. The process will be reactivated in 2015 based on new principles that will be clearer for the Group's subsidiaries and will improve talent management. In particular, a special effort will be made in the new economies and emerging markets.

The implementation of Prospective Employment and Skills Management (GPEC) and its guidelines on standard duties helps identify any disparities between competencies required for each position and those of the person holding that position, and defines priority training needs. In France, GPEC is an integral part of the IAR (individual appraisal review) process. Internationally, subsidiaries use a simplified system for complying with local laws and practices.

The Prospective Employment and Skills Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment. The agreement also offers support to employees interested in external mobility – either to start their own business, take over an existing one, or switch careers – through business creation leave, flexible working hours, financing and advice. It has been renewed a number of times with supplemental agreements, the latest one dated September 24, 2014. Legrand is also a partner of the Réseau Entreprendre Limousin et Haute-Vienne Initiatives (Limousin and Haute-Vienne entrepreneurship network), formed to support startups. In 2014, the Group helped around 15 people re-train in a variety of sectors. Considering the Group's support towards entrepreneurship, Legrand is a partner of APEC (Association pour l'Emploi des Cadres – executive employment association) and is a member of the Réseau Entreprendre Limousin.

Mobility management promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance. The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility. Group talented employees who are identified as part of the OSR process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

Legrand encourages staff members' mobility plans with support including visits to host sites, training that can cover intercultural skills in the case of a move to another country, and financial incentives. As a result, people in the Volontariat International en Entreprise (Volunteer for International Experience (VIE)) program who join the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Individual appraisal reviews for Group managers

Individual appraisal reviews (IARs) are an important management tool and help drive Company performance. They enable Human Resources to focus on annual budgetary targets and to increase personal commitment by assessing performance, setting development action plans and taking into account wishes regarding functional or geographical mobility. These individual appraisal reviews are an opportunity for exchange between the manager and the employee.

In 2014, 85% of the Group's managers received an IAR, which has a standard approach to the concepts of targets, performance, skills and mobility. Countries are encouraged to develop this practice and the Group helps them set up, deploy or adapt the process. For example, countries deviating significantly from the Group standard have received specific assistance, and more information about the process has been featured in internal communications.

Manager retention within the Group

The remuneration policy is based on mechanisms of general increase, through collective bargaining in each country, and individual increase, based on each employee's own performance.

Over recent years, Legrand has implemented a retention plan linked to the Group's performance. This plan, distributed until 2012 through performance shares and in 2013 and 2014 in the form of bonuses, concerned more than 1,700 people in 2014, and is at the heart of the plan to motivate and retain the Group's human capital. These allotments are determined each year on the basis of the Group's past and future overall performance and according to a rigorous selection process conducted by an *ad hoc* committee tasked with identifying in all of the Group's subsidiaries the employees who perform best and create the most value. This policy caused the Board of Directors to expand the categories of eligible beneficiaries and geographical areas. As a result, the number of beneficiaries has doubled over the last five years; two-thirds of allotments are currently made to employees of international subsidiaries, while close to 40% concern the new economies.

These elements are complemented by other schemes such as profit-sharing mechanisms, the Employee Savings Plan and the Company Investment Fund:

- profit-sharing and incentives: Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity. At the Group level, profit-sharing expenses totaled €30 million in 2014. In France, the profit-sharing agreements in effect were signed on May 4, 2011 and May 24, 2012 by Legrand and its French subsidiaries respectively. Total profit-sharing expenses for the year ended December 31, 2014 were €20.5 million, or 9% of total payroll in France in 2014;
- collective retirement savings plan (PERCO): this scheme in which the Company participates voluntarily, consists of a plan to enable willing employees to build long-term retirement savings with the help of the Company, under favorable financial and fiscal conditions. This plan was signed in October 2012 at the level of the Group's French companies;
- employee savings plan: Since 2004, the Company and its French subsidiaries have had an employee savings plan (Plan d'Épargne d'Entreprise groupe Legrand). In accordance with the law, this plan allows all employees of the Group in France for over three months to build savings through different investment funds (Fonds Commun de Placement) of their choice, managed by an accredited institutions. The sums paid into employees' savings accounts, which are by law frozen for a period of five years, may include statutory profit-sharing, discretionary profit-sharing, and voluntary payments, subject to legal limitations. Administrative costs are borne by the Company. This employee savings plan is effective for a renewable term of one year;
- Company investment fund: In 2003, Legrand set up a new fund, in addition to those already in place, under the name of "Legrand Obligations Privées" (Legrand private-sector bonds). It allows Group employees in France to invest their profit-sharing payments during the lock-up period in a fund paying a similar rate of return as that paid on the previous locked-up current accounts. In 2014, this return was 5.5%. At December 31, 2014, employee investments in this fund totaled €55.1 million.

Employee well-being and satisfaction

Group's employees well-being and satisfaction are addressed through different processes:

- individual appraisal reviews (refer to above information), during which quality of life at work is discussed;
- internal audits in which labor relations are assessed (for example, absence of litigations or claims relating to labor conditions);
- ponctual satisfaction surveys addressed to Group's sites and subsidiaries, in particular after specific events such as major reorganizations; this was the case for example in Italy, in Turkey, in Hungary and in the USA over the last two years;
- surveys on specific projects, for example, pooling to assess the employees' satisfaction level regarding communications sent on their smartphones, or a survey in Italy to measure participants' satisfaction regarding communication seminars.

Satisfaction surveys may be conducted on an ad hoc basis among employees at Group sites and subsidiaries. The results of these surveys are analyzed by Human Resources and the sites concerned and action plans implemented as necessary. In addition, since several years, Group has a specific attention on psychosocial risks. In 2011, for example, an anonymous-response survey on occupational stress was sent to all Group employees in France. It was devised in conjunction with staff representatives and a company doctor. The administration and processing of the survey were the responsibility of an independent external evaluator, ARACT Limousin (Regional Association for the Improvement of Working Conditions). The results were then presented to employees and to each site so that site-specific action plans could be established. In some other Group entities, psychosocial risks are specifically addressed by some evaluation programs, for example in Italy or in Colombia wtih a risk analysis and qualitative diagnostics by sector. In addition, since 2009, internal training programs have been discussing emotional intelligence and harassment prevention.

Group also values the reinforcement of the communication sharing between employees through various internal tools:

- Group's intranet which provides live information to all employees equiped with computers;
- internal magazine – Legrand Info, distributed to 20.000 copies and edited in 6 languages;
- social medias ("Legrand_news" on Twitter and "Youtube Legrand"), and specific communities in Marketing, Purchasing, and Communication.
- More transverse communities also allow employees to share their opinions and ideas on products;
- internal webcastings are broadcasted for sharing of information and training;
- specific workshops are organized to allow some departments to present their activities to other employees.

Focus: Occupational health promotion.

The Italian subsidiary of the Group launched at the Varese and Tradate sites, a program on preventing illness and promoting health and well-being in the workplace. Its primary areas of focus are promoting proper nutrition, combating addictions (tobacco, gambling, alcohol and drugs), and promoting physical activity, social and personal wellbeing, road safety and long-term mobility. The first phase currently under way concerns nutrition. Action taken includes educational posters, meet-ups and briefings with nutritionists, and specific initiatives in company canteens.

Change management

Adapting to markets involves organizational changes and therefore adapting resources and funding. These organizational changes take place within the framework of local labor relationships. Social dialogue is particularly important when it involves discussing possible changes and reorganizations inside the Company. The social partners are kept closely informed and are regularly consulted about new projects. Once the adjustment decisions have been made, the Group puts in place measures to support those affected (transfer, training, coaching, help with setting up or taking over a business, etc.).

A formal Group policy on best practices for change management is currently being finalized. When completed, it will be shared with all human resources departments in all of the Group's host countries.

For further information about human resource management, please visit www.legrand.com/EN.

5.4.3.2 PROMOTING DIVERSITY, ESPECIALLY BY PLACING MORE WOMEN IN MANAGEMENT POSITIONS

The Group is deeply committed to combating discrimination and promoting diversity. In 2004, it published its first Ethics Charter and in 2009 formalized these guidelines in a Charter of Fundamental Principles. Another sign of its commitment in this regard is the fact that Legrand is also a signatory to the UN Global Compact.

General Management recognizes that diversity, *i.e.* the variety of people profiles within the Group, contributes to innovation, performance and quality of life within the company. There are twenty nationalities at the Group's headquarters today. Employees benefiting from geographical mobility not only come from headquarters but also from the Group's subsidiaries in all geographical zones. The Human Resources Department encourages the diversification of the profile of talents who support the Group's growth. In 2014, employees of more than 10 nationalities benefited from international mobility initiatives.

The Group also encourages the hiring of more women managers and undertakes to guarantee the same working conditions for women as those for men.

Group priority 2014-2018

Increase the number of women in key positions by 25%.

Indicator: Number of women in key positions in the Group.

2014 achievement:

At the end of 2014, 12.9% of the Group's key positions were held by women, an increase of 12.2% versus the end of 2013 and an outperformance of approximately 27% compared to the 2014 target of 12.6%.

	2014*	2015	2016	2017	2018
Target achievement rate	127%				

* *Calculated against a target of 12.6% at the end of 2014.*

Key positions are those that have a significant impact on policy and on the results of the entity of which they are part. These are management team positions in subsidiaries, SBUs (Strategic Business Units), and corporate departments. The goal to increase the percentage of women in key positions applies throughout the world.

At the end of 2014, women held 12.9% of the Group's key positions. The Group's goal is to increase this to 25% between end-2013 and end-2018 at the current scope, meaning that it will include employees joining the Group as a result of acquisitions (which, in terms of diversity, often dilutes the Group's performance for reasons that are often cultural or regulatory).

Promoting women to the Group's key positions is part of an ongoing action plan that joins the measures already implemented by the Group in recent years:

- **non-discrimination training and awareness for managers**: initiatives include presentations by independent experts to human resource department employees and staff representatives involved in negotiating Professional Equality and Sustainable Development agreements; raising awareness among new hires during orientation sessions; using dedicated tools (webcasts, testimonials, quizzes and posters); incorporating the promotion of diversity into internal communication campaigns, and organizing a gender equality week. Countries that have been involved in these initiatives include Australia, the United Arab Emirates, the United States, Germany, Italy and Canada;
- **guaranteed compliance of HR processes with the principles of non-discrimination:** production of a recruitment guide consistent with the principle of non-discrimination, written by an international working group composed of human resource managers from four countries (France, Italy, Turkey and the United States); signature of agreements on employment parity and equality, especially in France in 2012 with the renewal of agreements, and in Italy; and guidelines sent to Group managers in France during the annual pay review campaign;
- **"Elles by Legrand" committee and staff review dedicated to women:** in 2012, Legrand sought to expand its professional gender equality policy by establishing a committee chaired by the Group HR Director. It coordinates the Group's gender equality policy and sends the applications of promising female candidates to mobility committees. An annual staff review dedicated to women has also been created to identify promising, talented and high-performing female employees and provide them with career guidance;
- **establishment of a network of gender equality guarantors**: appointed to cover France, these guarantors have a mediation and advisory role, participate in the exchange of best practices, and must ensure that no discriminatory situations arise 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 time. The gender equality guarantors reviewed 18 potential cases of discrimination in 2014 (versus 15 in 2013), 15 of which resulted in adjustments being made (versus six in 2013);
- **training program:** initiated in the first quarter of 2013, this program resulted in 800 of the Group's French managers receiving anti-stereotyping training between 2013 and 2014;
- **diversity network:** created at the initiative of Group employees, this network is run by an independent firm and is funded by General Management. Called elle@legrand, the network discusses career development, assertiveness, personal fulfillment and work/life balance, and arranges mentoring, presentations and discussions with other networks.

Focus: Combating discrimination and harassment.

The Charter of Fundamental Principles lays out Legrand's commitments regarding the respect of people and is designed to ensure that each employee can enjoy fair, equitable and legally compliant working conditions. Any form of discrimination is strictly prohibited. The Group's employees must ensure that their behavior is consistent with these principles. Managers must prevent situations of harassment or discrimination and quickly deal with any problems that may arise within their teams, relying on the ethics correspondent within their remit, the Human Resources Department or the Legal Department. Requests and queries are handled in the strictest confidence and with the utmost respect for the individuals concerned.

Subsidiaries apply these commitments locally and may expand on them where circumstances allow. For example, in the United States, Legrand North America is committed to the prevention of workplace violence through a statement that no verbal or physical intimidation, harassment, threats or acts of violence may be tolerated in the workplace, either among the Group's employees or among its customers and suppliers.

The Charter of Fundamental Principles can be viewed at www.legrand.com/EN.

5.4.3.3 REDUCING THE PAY GAP BETWEEN MEN AND WOMEN

Legrand champions gender equality and works to reduce the pay gap between the Group's male and female employees wherever it is found to exist.

Group priority 2014-2018

Reduce the pay gap between men and women in the Group's non-managerial positions by 15%.

Indicator: Pay gap between men and women in the Group in non-managerial positions.

2014 achievement:

At the end of 2014, the pay gap between men and women in non-managerial positions was 15.51%, a reduction of more than 8.7% compared to the 2013 fiscal year and a significant outperformance compared to the target of 16.5% set at the end of 2014.

	2014*	2015	2016	2017	2018
Target achievement rate	274%				

* *Calculated against a target of 16.5% at the end of 2014.*

This commitment applies to the Group's non-managerial population while perfectly complementing the commitment described above. Although measures to promote women to more senior positions will reduce the pay gap between men and women within the managerial population (as a result of the gender mix within the population concerned), they will not, by their nature, reduce pay gaps within the non-managerial population. Therefore, the Group has chosen to apply this commitment to non-managerial positions.

Measures to reduce pay gaps between men and women are already in place within some Group reporting perimeters. For example, for the last five years in France, an annual budget equivalent to 0.10% of payroll is used to reduce male/female inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism permitting employees to request a review of their working conditions (coefficient, compensation, career management) to ensure that these comply with the principle of non-discrimination.

The Group's goal to reduce the pay gap between men and women in the non-managerial population by 15% by 2018 goes hand in hand with the implementation in other Group entities of mechanisms similar to those employed in France since 2009.

Focus: Legrand Hungary – recognized as the top company for the employment of women.

The Group's Hungarian subsidiary received the 2014 award for top company in Hungary for female employment in the "large company" category. The award recognizes the company's active policy toward the employment and promotion of women – a policy that has been in place for several years.

5.4.3.4 DISABILITY MISSION FOR GREATER DIVERSITY

Legrand has special initiatives for people with disabilities, an area it has been actively involved in for many years. This approach is a natural fit with the Group's commitment to disability: "Promote equal opportunities through an improved awareness of diversity in Human Resources management". Group-wide, the employment rate of people with a disability is 2.23%.

In France, the Group's agreement on preventing discrimination and integrating people with disabilities comprises a hiring plan, an integration and training plan with adapted work stations, and a plan for retaining employees in the Company.

The Group has special relationships with sheltered employment centers (Établissements de Service et d'Aide par le Travail) in Limousin and particularly with the French association for the blind and disabled (APSAH – Association pour la Promotion Sociale des Aveugles et autres Handicapés). Annual contracts for service provision as well as production work are signed every year. Moreover, Legrand offers free training to the personnel of ESAT in safety rules and the use of fire fighting means. Trainees with disabilities are also integrated into the different establishments. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Under this agreement, Legrand allocates a budget for the donation of disability-related electrical equipment to refurbishment or new-build projects. For example, Legrand supplied the "La Maison des Cinq" association in Haute-Vienne with electrical equipment to build five housing units for adults with brain injuries.

The Group also set up a disability unit to steer the initiatives contained in the agreement on anti-discrimination and integration, and to raise awareness of the issues faced by disabled people both inside and outside the company. Each year, to mark the French disability awareness week, events are organized at the head office and elsewhere to change the perception of disability. Since 2010, and again in 2014, APSAH's physiotherapy-massage training institute (PMTI) has visited the Limoges site during Disabled Employment Week, and visually impaired students have offered stretching sessions to prevent musculoskeletal disorders.

This relationship of trust between APSAH's PMTI and Legrand is reflected in a partnership agreement demonstrating the company's commitment to improve the perception of disability. Through the agreement, Legrand also offers PMTI's third-year students internships, which are endorsed by the Regional Health Agency.

Actions of this kind are also carried out in the Group's other countries, especially involving awareness actions on different disabilities. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Group sites in Brazil are also committed to employing disabled people, either directly or through institutions like Caminhando, Adere or Mercedes Stresser. Persons with disabilities can thus participate in remunerated industrial projects, which enables them to be employed. Grants are also paid to such institutions.

In Italy, since the "International Year of the Disabled" in 1981, the Bticino subsidiary has partnered with the association CFPIL (Varese Center for Vocational Training and Integration through Work) and the Italian province of Varese to facilitate the integration into the workplace of young people with mental and motor disabilities. Governed by an agreement, this commitment translates into the integration of trainees into the Group's Italian teams. The objectives of this partnership were mainly to promote their integration into working life.

Bticino also chose to collaborate on and fund the "Studying with the Senses" project, promoted by the Associazione Controluce (Backlight Association) with the support of the Museo Tattile (Touch Museum) and Territorial School in Varese. Within this framework, a series of classes, training courses and tools have been set up for teachers to support children's learning through the use of sensory systems, and especially through the inclusion and acceptance of children with sensory and/or cognitive limitations.

In Turkey, Legrand has created a "No handicap for our future..." fund which supports social enterprises whose workforce is at least 80% composed of people with disabilities. This initiative helps the people concerned to find work and earn a guaranteed minimum wage. The Group also sponsors an electrician's course for young women interested in become qualified electricians.

In Dubai, Legrand subsidizes SENSE, a local association that helps disabled children.

Finally, in Colombia, the subsidiary supports the RECA Foundation (Red de empleo con Apoyo – Supporting Employment Network), an NGO that promotes insertion into the labor market of workers with mental disabilities.

For further information about human resource management, please visit www.legrand.com/EN.

5.5 - LIMITING OUR ENVIRONMENTAL IMPACT

Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy.

To achieve this objective, Legrand encourages grassroots action at its production and R&D sites which is overseen by the SBUs (Strategic Business Units). At the same time, the Group Environment Department manages the Group's environmental policy within the Strategy and Development Division and contributes to environmental reporting by providing data analysis.

More than 130 people worldwide work on environmental issues. For example, environmental representatives at the various production sites ensure that the Group's environmental policy is implemented. They are responsible in particular for implementing environmental diagnostics. Within the framework of Legrand's operational organization, they also help implement improvement plans, in most cases as part of an Environmental Management System (EMS).

All these environmental representatives work closely with each of the four quality, environment and safety managers of the SBUs, and with the Group Environment team.

A total of 91 sites – *i.e.* all industrial sites as well as the major administrative and logistics sites larger than 15,000 m^2 – contribute to Group environmental reporting by providing data on some 50 indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions, waste production, and environmental action initiatives and investments. References available in English and in several local languages provide support for the policy.

A selection of the data from this reporting is presented in section 5.6.

Moreover, employees' awareness of environmental issues is raised in a number of ways:

- training: in total, Group employees received more than 22,934 hours of training on environmental issues in 2014, an increase of 22.6% over 2013. This increase shows the importance attached to the environment in the Group's training policy;
- dedicated events: organized locally by site and subsidiaries (newsletters, brochures, inter-site or inter-department challenges, etc).

Lastly, in terms of financial resources, the Group offers its subsidiaries the opportunity to present specific return on investment durations (longer than the durations required for other investment plans) for investment plans dedicated to improving the environmental performance on the corresponding sites. Where applicable, site renovations enable a general upgrade of the building in a quest for energy optimization.

5.5.1 - Reducing the Group's environmental footprint

Legrand's environmental policy is deployed at Group sites through ISO 14001 certification. This involves setting up an EMS. This process, along with a host of local EMS initiatives that have proven effective in Group entities that are most advanced in terms of environmental management, has led to a reduction in the company's environmental footprint.

Legrand also wished to use its active contribution to the sector's guide on CSR, which is published in conjunction with trade association GIMELEC, to provide specific information about its industry sector, and in particular to specify environmental impacts that do or do not apply to its businesses, namely:

- use of soils and biodiversity protection: Legrand's activities have no direct impact on soil or biodiversity. Moreover, the vast majority of the Group's production sites are located inside business or industrial zones which are subject to specific regulations. Lastly, the manufacturing nature of the Group's business means that sites can be designed using storeys, thus limiting the impact on the ground;
- noise pollution: as a manufacturing industry, noise pollution is limited to the noise of machines located inside buildings; this is controlled so as not to generate any particular problem to neighborhoods around Group's sites;
- adapting to the consequences of climate change: the Group's sites face no specific threats from the consequences of climate change. To the contrary, a number of the Group's products incorporate solutions to limit or prevent greenhouse gas emissions, which are the source of climate change. These include energy efficiency solutions and products that use renewable energies. For more information on promoting energy efficiency, please refer to section 5.2.1.4.

Consequently, Legrand does not consider the aspects detailed above to be applicable to its operations and has therefore not specifically included them in its Registration Document (consistent with the "comply or explain" approach).

5.5.1.1 SYSTEMATICALLY OBTAINING ISO 14001 CERTIFICATION FOR GROUP SITES

Legrand's approach is to prevent environmental risk and improve the performance of its sites. The management systems of industrial and logistics sites are assessed regularly and appropriate action plans are implemented for ongoing improvement. This process has resulted in third-party ISO 14001 certification of the Group's industrial sites.

Group priority 2014-2018

Achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites.

Indicator: percentage of the Group's ISO 14001-certified sites.

2014 achievement:

At the end of 2014, 88.5% of industrial and logistics sites were ISO 14001-certified, *i.e.* 6 new sites: TCL Huizhou site in China, and the 5 sites of the Indian subsidiary NUMERIC.

	2014*	2015	2016	2017	2018
Target achievement rate	102%				

* *Calculated against a target of 87% at the end of 2014.*

Procedure

Sites of companies recently acquired by the Group must be certified within five years. New industrial sites joining Legrand are therefore assisted in their efforts to reach the required performance level through continuous improvement plans and the application of the Group's best practices and environmental techniques. This commitment represents a major ongoing effort, especially in countries where regulations and standards fall short of the criteria for ISO 14001 certification.

The set-up of an environmental management system (EMS) has two main consequences:

- it determines the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and more general environmental risks;
- it establishes a continual improvement process, often symbolized by the DEMING wheel *(Plan-Do-Check-Act)*, involving the implementation of concrete improvements. For example, improved energetic efficiency in compressed air circuits, reduced water consumption in industrial cooling systems, reducing waste production at source and setting up recovery channels.

5.5.1.2 CONTROLLING WATER CONSUMPTION

The Legrand Group monitors its water use separately and takes the scarcity of the local water supply into consideration. It measures its impact by taking account of the water consumption at industrial sites (using environmental reporting data) and the local value of water, which is estimated based on the natural abundance of the resource and the competition to access it.

For this reason the Group uses public benchmarks to assess its exposure and dependency on water. By combining the consumption reported by the sites and the WSI (Water Stress Index) mapping data published by the UNEP (United Nations Environment Programme), the Environment Department has identified the 22 sites that account for 80% of the Group's water load worldwide. This analysis has revealed that around 84% of the Group's water consumption occurs at industrial sites situated in zones where there is low or moderate water consumption (WSI index < or equal to 0.7). This approach enables the SBUs (Strategic Business Units) to focus their actions on the most sensitive sites in terms of their environmental impact on local water resources.

All Legrand industrial facilities are monitored for potential pollution from discharges into the water. For surface treatment workshops, water must be treated prior to discharge and treatment facilities are strictly maintained and regularly renovated. More generally, the ISO 14001 certification policy for all Group sites as described above means that water management is subject to responsible industrial procedures and practices.

In 2014, the Group consumed 990 thousand m^3 of water, a decrease of 12.2% at current scope compared with the figures posted in 2013, a change much more favorable than the Group's targeted reduction of 2%. This decrease demonstrates the effectiveness of the actions put in place, which more than offset the inclusion in 2014 of new industrial sites in the reporting process.

Like greenhouse gas emissions under the *GHG protocol* (see section 5.5.1.3), when technically possible, the main water consumption indicators related to accommodation and catering for employees at industrial sites are no longer taken into account.

In addition, the Group's subcontractors for surface treatment are in general, historic local suppliers, for which the same regulatory constraints are applied. Logistical proximity enables Group buyers to verify easily that these subcontractors implement a compliant and optimal effluent treatment system.

5.5.1.3 REDUCING THE ENERGY INTENSITY OF THE GROUP'S OPERATIONS

Legrand regards reducing the energy intensity of its operations as a priority. To achieve this, the Group is committed to reducing its overall energy consumption. All subsidiaries and all industrial, logistics and commercial sites are affected by this ongoing improvement process. Areas of progress are identified at each site and action plans implemented to reduce energy consumption.

Group priority 2014-2018

Reduce energy intensity by 10%.

Indicator: the Group's energy intensity.

2014 achievement:

At the end of 2014, the Group's average energy intensity was 99 MWh/million euros of sales, a 6.3% reduction over 2013 (at current scope). This change, compared to a reduction target of 2%, represents an outperformance on the part of the Group of more than 4 percentage points and is due to the subsidiaries' energy-saving initiatives (some of which are detailed below) as well as to more favourable climate conditions in some regions.

	2014*	2015	2016	2017	2018
Target achievement rate	315%				

* *Calculated against a reduction target of 2% per year.*

As part of the Carbon Footprint initiative, a Group energy consumption inventory is conducted every year.

For 2014, the energy consumption of the Group's sites was 445 GWh versus 472 GWh in 2013, a decrease of 5.6% at current scope. As a percentage of Group sales, energy consumption amounted to an average intensity of 99 MWh/million euros at the end of 2013 against 105.7 MWh/million euros of sales at the end of 2014, down 6.3%. Given the average cost of energy paid by the Group, the reduction in consumption generated a saving of approximately €1.8 million between 2013 and 2014, a one-percentage point reduction in energy consumption representing a saving of approximately K€ 300 at the Group level.

Energy practices

The Group systematically incorporates energy efficiency measures into new construction work, refurbishment or facility maintenance. In 2014, for example, a portion of the company's headquarters was equipped with a double-flow CMV, while more efficient glazing units were installed at several sites in the Limousin region to improve building insulation.

Energy-efficient solutions developed by the Group are also installed at its industrial and service sites. For example, systems and sub-systems for measuring power consumption have been installed in several Group sites in China, helping to obtain LEED certification for three Group sites in 2014.

The Group also keeps track of best available techniques and is committed to replacing obsolete equipment with less energy-intensive processes (free cooling, electric injection molding machine, energy-efficient motors, etc.).

North American entities continued the measures they began in 2012 under the "Better Building, Better Plants" initiative, a program supported by the White House and designed to encourage the renovation and energy retrofit of office buildings and industrial sites. In 2014, the Group achieved its energy-saving goal at its 14 American sites (a 25% saving in eight years) after just four years. In total, almost €1.5 million was invested over the period to achieve savings now valued at more than €2.5 million over the same period. Action taken included:

- detection and repair of leaks in compressed-air networks (savings of K€ 35);
- removal of 30 mini-fridges in workshops and offices;
- installation of electricity sub-meters;
- installation of motion sensors in all offices.

Legrand's US entities decided to keep up the momentum of these results and reduce their energy consumption by 25% over the next four years.

Since 2012, the Group has partially replaced its fleet of company vehicles in France with electric vehicles. Charging stations continue to be installed in parking areas of several industrial sites. These stations are used for cross-site shuttles and travel within the local area. They are available to Group employees who own or lease electric vehicles. These employees are each given a parking space and can recharge their vehicle at no charge. Some twenty sites in France are involved in this initiative. These actions are in line with the Group's commitment to support sectors offering innovative, eco-friendly solutions. As well as the solutions sold and installed in the Group's own buildings, Legrand also wishes to facilitate access to these solutions for its employees' own private use.

In 2014, independent energy audits were carried out at a number of Group sites. The aim was to assess the sites' energy status, identify where work should be prioritized to save energy, and draw up an action plan to be implemented over the coming years.

Energy-saving awareness campaigns were also conducted directly at certain Group sites. For instance, in 2014 as part of France's National Eco-Energy Day, initiatives at a number of sites led to the collection of around 200 idea sheets to share among sites, the education of 1,500 Group employees directly involved in carrying out initiatives, and reductions in the amount of energy consumed, as measured on a site, service or workshop scale.

A similar initiative was conducted at the Group's British entities ("Power Down Day"), leading to comparable savings of around 12%.

The Group's carbon footprint

Every year, Legrand contributes to the *Carbon Disclosure Project* (CDP), a non-profit organization whose objective is to measure, publish and share environmental information and provide a framework for actions to combat global warming. In 2014 Legrand scored 89C, compared with 81B in 2013. This change reflects a significant improvement in the Group's capacity to accurately disclose its energy consumption and carbon emissions (its "disclosure" score rose from 81 to 89), while the downgrading of the performance score (from B to C) reflects the impact of the consolidation over the last three years of a number of new entities whose energy performance has not yet reached the level of that of the rest of the Group. Specific action plans are being deployed to close the gap.

The methodological approach of the Carbon Footprint project isolates scope 1 and 2 emissions, *i.e.*, CO_2 emissions directly related to the Group's activities, from indirect scope 3 emissions, which correspond to greenhouse gas emissions generated by other stakeholders as a result of the Group's activities.

More precisely, a distinction is made between:

- scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used mainly for heating buildings, and to a lesser degree for some industrial processes. Consumption by company cars, which are used overwhelmingly by sales forces in the various countries where the Group operates, is also taken into account. Lastly, the contribution of refrigerant leakage is evaluated and taken into account;
- scope 2 emissions: these are indirect greenhouse gas emissions related to electricity and heating consumption, mainly for industrial processes and marginally for heating and lighting buildings. The specific carbon content of electricity in each country is taken into account.

In all, the scope 1 and 2 emissions accounted for 163,000 metric tons of CO_2 equivalent in 2014, as against 188,000 metric tons of CO_2 equivalent in 2013, leading to a 13% decrease. The methodological amendments to improve the assessment of the GHG (greenhouse gaz) emissions resulting from sales force's vehicles and from refrigerants used in cooling systems have been continued in 2014. In addition, some extrapolation works were computed, from sites integrated to the environmental reporting, in order to estimate GHG emissions of administratives sites (in particular for offices and sales branches), and to ensure the exhaustiveness of Group's GHG emissions. The decrease of scope 1 and 2 emissions largely corresponds to the significant reduction of Group's energy consumption as seen between 2013 and 2014 – 6,27% reduction as shown above.

The following items were evaluated for scope 3 emissions (ranked in decreasing order of emissions percentage): raw materials (49,5%), purchased goods and services (28,6%), logistics (13,8%), product end-of-life (2,9%), capital expenditure (2,4%), commuting (1,6%), upstream losses for production and transportation of fuels and downstream losses for electricity, business travel and waste (1,2%).

In 2014, scope 3 emissions totaled 1,724 million metric tons of CO_2 equivalent and were therefore significantly higher than scope 1 and 2 emissions.

With regard to CO_2 emissions linked to shipping the Group's products, and more specifically regarding emissions linked to outbound shipping (*i.e.* from one Group site to another, and from Group's sites to customers), those have decreased by about 13%, from 103 Ktons to 89 Ktons. This change is for the most part related to a reduced use of air freight.

The Group constantly strives to:

- simplify its logistics flows to reduce the distances traveled by products and components between production and storage sites in sales areas; it also analyzes the "overall cost," which takes environmental criteria into account;
- consolidate the different manufacturing stages into a single location, thus reducing transportation between sites.

Actions to optimize logistics are also consistently encouraged, such as:

- optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries;
- using rail transport, particularly between Paris and Italy (Milan);
- using river transport between the port of Le Havre and the Paris region, particularly to supply the Group's international distribution center;

- using, wherever possible, the same mode of transport for incoming and outgoing shipments at the Group's international distribution center, thus reducing the number of empty journeys;
- limiting the use of air freight.

The method used by the Group to map its logistics flows covers more than 95% of its sales.

Focus: Multimodal transport between China and Russia

During 2014, imports of metallic cables from Shanghai to Moscow warehouse were made thanks to multimodal transportation sea/railway (Shanghai – Vladivostok by sea, Vladivostok – Moscow by railway), instead of a sea/road transportation (Shanghaï – Saint-Petersburg by sea, Saint-Petersburg – Moscow by road), leading to a divsion by 2 of the distance, and by 3 of the transportation duration.

Lastly, given the Group's energy mix, the share of electricity consumption from non-carbon sources amounted to 47.5% in 2014 (based on 83% of total electricity consumption). In 2014, renewable energies accounted for approximately 42% of this non-carbon share.

The results of the full calculation confirm that, as a materials processing and assembly company, the Group's own activities do not have a high carbon intensity. Analysis of the contributing factors shows that, in descending order, the items related to raw materials, goods and services purchased, logistics and industrial site consumption are the main causes, directly or indirectly, of greenhouse gases.

This methodological work continued with the integration of energy consumption into monitoring of the Group's industrial performance. For example, industrial sites currently integrate all their energy consumption indicators into their overall performance dashboards on a six-monthly basis. These dashboards are then presented to their SBUs.

For further information about our environmental actions, please visit www.legrand.com/EN.

5.5.2 - Innovating for a circular economy

Safeguarding the environment also means implementing circular economy principles within the Legrand Group. This consists in moving from a linear consumption pattern (resource exploitation, manufacturing, use, end-of-life and waste management) to a circular approach, like natural cycles in ecosystems.

ENCOURAGING THE IMPLEMENTATION OF CIRCULAR ECONOMY PRINCIPLES

At the Legrand Group, circular economy principles are divided into three key categories:

- management of waste from manufacturing processes, in line with the Group's eco-design approach;
- traceability and disposal of hazardous substances in Group products;
- ongoing improvement of the environmental performance of the Group's research and development (R&D) centers.

It should also be noted that the Group's products have long life spans (typically several decades), since they tend to be used in building infrastructure. This characteristic makes the issue of product obsolescence somewhat irrelevant for Legrand and contributes de facto to responsible use of non-renewable resources.

Group priority 2014-2018

Deploy circular economy principles, from the product design phase through to end-of-life recovery ot products.

Indicators:

- percentage of waste recovered (target: >80% annually);
- share of Group sales compliant with the RoHS regulation (target: 100% by 2018);
- deployment of eco-design principles to all Group R&D centers (target: 100% by the end of 2018).

2014 achievement:

The Group met its target for this priority in that:

- 85% of waste was recovered in 2014;
- 85% of Group sales were compliant with the RoHS regulation at the end of 2014;
- all Group R&D centers with more than 8 people were assessed based on environmental performance measurement criteria.

	2014*	2015	2016	2017	2018
Target achievement rate	100%				

* *Average achievement rate for the above three indicators (determined in relation to each of the three targets).*

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Waste management

The Group strives to treat the waste from its industrial operations as effectively as possible and monitors the results of its actions by measuring its waste recovery rate. From an operational perspective, Legrand is working to reduce its waste in three main ways:

- re-use of scrap in production processes;
- better sharing of best practices in this matter, including identifying local improvement initiatives to limit the amount of waste at the source;
- better identification of waste type in order to improve sorting and thus facilitate recycling.

Recycling is a sensitive issue for Legrand, especially on its industrial sites. Sorting instructions are regularly updated to maintain a historically high rate of recycling in the Group. Some scraps are directly reused in the production process: as a result, the sprues from injection molding are ground up and reincorporated with virgin materials into the thermoplastic injection processes. On the other hand, scrap from the metal cutting process is considered to be production waste and is systematically recycled outside the company.

For example, since 2012 the Group's Italian subsidiary, BTicino, launched a campaign to promote responsible consumption of resources at its Italian sites called the "3 Rs": Reduce, Reuse, Recycle. Several initiatives were set up in production workshops with the active participation of all employees: weekly meetings with analysis of indicators, improvement proposals, sharing ideas and suggestions. This initiative has resulted in several noteworthy actions, including: detection of energy losses in the machines, switching off machines during breaks, reusing consumables like gloves, and increasing selective sorting.

In terms of results, environmental reporting revealed that the gross amount of waste generated in 2014 was 51.64 thousand metric tons, a change of 3.4% over 2013 at current scope. This change reflects the improvements made to identifying, categorizing and recognizing waste generated by the Group, and removes from the equation reductions in waste due to locally implemented actions. The impact of field initiatives is nevertheless still visible in terms of the waste recycling rate, which was 86% in 2014 versus 85% in 2013. The Group's goal was to maintain a minimum rate of 80% for the duration of its roadmap.

Legrand makes every effort to collect and recycle its products at the end of their life. Historically, the Group is a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries).

The WEEE Directive has structured and regulated such initiatives in Europe. Under its leadership, and in conjunction with local authorities or DIY outlets, eco-organizations have established systems to collect and process products that were once marketed to households and have now reached the end of their life. In response to the obligations, Legrand has joined in these efforts by funding recycling facilities that process the tonnage placed on the market through retail channels.

Since 2010, recycling processes have been set up that are specifically tailored to the construction industry, such as the "WEEE pro" process in France with the eco-organization Recylum. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sales forces are trained to promote membership of the Recylum network among their customers. Currently, approximately 1,800 partners have joined the Recylum network in France. All are equipped with special containers to collect end-of life products. About 60% of these partners are wholesalers, and the remainder installers or specialized landfills.

The above-mentioned pioneering industry sector of self-contained emergency lighting units has already created market habits that now benefit the collective WEEE sector. Similar initiatives have been implemented in European countries affected by the directive.

Legrand regularly takes part in one-day forums organized by Recylum to discuss best practices in eco-design for future recycling purposes. These forums are typically attended by stakeholders in the electrical, medical and climate engineering industries, end-of-life product disposal organizations, and the French environment and energy management agency ADEME.

Lastly, the Product Environmental Profiles (PEPs) developed by the Group (covering 52% of the Group's total sales at the end of 2014 – see section 5.2.1.3. of this document) are information tools specially designed for recycling centers (showing, for example, the potential of recycling, recovery and the location of sub-assemblies requiring specific treatment). They also facilitate the recovery of Legrand products at the end of their life.

Focus: Legrand Australia involved in the "Australian Package Covenant" initiative.

For several years, all of Legrand's brands and entities in Australia have been involved in a national initiative to reduce the amount of packaging placed on the market. Under this program, targets are defined at the end of each year. Below are some examples of initiatives that are being, or have been, carried out:

- review of the packaging practices of the 10 main suppliers of Legrand entities;
- systematic re-use of all wood pallets used in workshops;
- purchase of 30% of packaging from recycling centers.

Traceability and disposal of hazardous substances

RoHS Directive

The Group complies with all restrictions on the use of hazardous substances, in particular the European Directive 2002/95/EC on RoHS (Restriction of Hazardous Substances). Today, this affects a very limited part of the Group's product offering. Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not.

As a result, in 2007 the Group adopted lead-free welding processes, while the use of lead-free PVC (mainly in the manufacture of cable management profiles) was extended throughout the Group from 2009.

The Group underscored this goal by including in its CSR roadmap its commitment to comply with the RoHS Directive's restrictions on the use of hazardous substances for its entire global offering by the end of 2018 (it reached 85% compliance at the end of 2014 with a target of 90%). It should be noted that the Group's external growth policy may lead to products being marketed that contain substances listed in the RoHS Directive, but only if such products are not part of the Directive's scope of application as defined in the amended version of 2011. Should such a case arise, design and manufacturing teams will work closely with the purchasing organization to seek solutions that are consistent with the Group's commitment.

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, the Group goes beyond regulatory requirements. For example, as part of its development of future products, it has undertaken to remove any substances included in the REACH "candidate list" whenever a technically and economically viable alternative is available.

Legrand is therefore also involved in the application of the European REACH regulations, in particular by facilitating the transmission of data on the relevant substances used in its economic chain (upstream and downstream). This includes:

- arranging the collection from strategic suppliers of Material Safety Data Sheets on substances and preparations, such sheets being key components of REACH for transmitting product information;
- providing the Group's European customer service departments with a customer response system connected to the Group's intranet site covering all brands. This ensures transmission of the most up-to-date information;
- posting a full page dedicated to REACH on the Legrand website for the use of all stakeholders.

To strengthen and sustain this proactive policy, a REACH expert committee that includes Group materials and process experts and supported by the purchasing organization was created in 2011. Upon the publication of lists of candidate substances, its role is to research alternative solutions that R&D teams can then apply to product design and manufacturing processes.

Environmental performance of Group R&D Centers

As part of its 2014-2018 roadmap, Legrand has set up a process to assess the practices of its R&D centers and manage their progress in acquiring eco-design know-how. An annual review of the following seven criteria allows a performance index to be attributed to each R&D center:

- analysis of the risk of the presence of hazardous substances (priority criterion 1);
- consideration of the Group's environmental requirements (priority criterion 1);
- use of LCA (Lifecycle Analysis) in the concept-definition phase (priority criterion 2);
- obtaining eco-designed products at the end of the R&D process (priority criterion 2);
- implement of one EMS (Environmental Management System) per R&D unit (ISO 14062 or equivalent) (priority criterion 2);
- integration of the upstream supply chain in LCA (priority criterion 3);
- integration of materials from the circular economy (priority criterion 3).

For the first year of deployment, the Group's goal was to complete the first full assessment of all 44 of its R&D centers based on the above seven criteria. The years 2015 to 2018 will be devoted to building the skills of these centers based on their starting point as measured at the end of 2014. By the end of 2014, all 44 of the Group's R&D centers had been assessed.

Following on from this initial assessment and in light of results, action plans have been launched so that R&D centers can acquire the necessary missing skills and know-how. The goal is for at least 80% of these centers to fulfill at least priority criteria 1 and 2 by 2018.

Of those criteria, eco-design is the most significant. An eco-designed product is a product which, on the basis of multi-criteria indicators, has a reduced environmental impact for each stage of its lifecycle (production, distribution, use, maintenance and end of life – according to the methodology in the ISO 14040 standard). The comparison refers to the older generation of the product or a targeted competitor's product, or even the industry standard product (as established by a trade association or a standard such as NF, BAES, etc.).

In the end, only the most carefully developed products from an environmental perspective can claim the title of "eco-designed", thus providing a constant challenge for Legrand R&D teams.

LCA (Life Cycle Analysis) techniques that lead to the drafting of PEPs (Product Environmental Profiles) are a powerful tool for improving product design, while environmental impact analyses are a remarkable tool for innovation since they challenge the design and manufacturing phases (the usual technical solutions),

Under the PEP ecopassport program's product category rules (PCR), Legrand distinguishes three types of products:

- enclosures (cable management, industrial cabinets, etc.) which do not consume energy during use. The choice of materials is paramount in reducing the environmental impact: priority is given to reducing volumes and to selecting the most environmentally friendly materials;
- active products (*e.g.* emergency lighting units) which consume energy during use: it is during this stage that the environmental impact is at its highest, therefore the main focus is on reducing consumption;
- finally, passive products, which do not consume electricity themselves but marginally dissipate electrical energy (switches, protection devices, etc.): these constitute an intermediate category where the balance between material content and electricity dissipation is particularly sensitive.

The following are some examples of eco-designed products launched by Legrand:

- Mosaic electrical accessories: the mechanisms used in the Mosaic and Celiane switch ranges were revised so that they would require fewer materials with the potential to deplete non-renewable natural resources. The resulting reduction was around 75%. This initiative also led to a significant reduction of some 15% in the amount of energy lost through heating when current is passed, which was achieved by changing the latching inside the switch. This reduction, extrapolated for total future manufacture of these products, is expected to reduce environmental impact by some 75 metric tons of CO_2 equivalent;
- EDM transformers: the reduction of the power dissipation in the product resulted in a decrease in environmental impacts of nearly 30% compared with the previous generation of products. The PEP ecopassport® issued for this series provides details of their environmental impacts. Moreover, with this new design the transformer generates less noise;
- TX3 circuit breakers: the use of thermoplastic instead of thermosetting resin improves product recyclability. At the same time, improvements in product component design have led to a reduction in their manufacturing impacts;
- new ERDF connection plate: with extra functions, this new, more compact, version also reduces packaging volumes. In addition, because it has fewer parts, end-of-life disassembly will be easier;
- "KALANK CS" recessed lights for drywall: the use of more efficient components with 40% less energy consumption and the new compact aluminum shell design made from 50% recycled aluminum have resulted in a more compact product which is easier to recycle. Overall, the environmental footprint has been reduced by around 40% for nearly all environmental indicators.

The eco-design policy also applies to packaging. It enables the ratio of packaging volume to product volume to be lowered. For instance, 'Packaging' experts have defined best practices, which are implemented by all R&D teams, such as: using cardboard containing a high percentage of recycled material, printing with water-based inks, using acrylic adhesives which emit less VOCs, etc. In 2013, a new cardboard packaging concept was introduced for Batibox wiring device mounting frames. It allows a 40% reduction in environmental impact measured by the GHG emissions indicator. Overall, 12.5 metric tons of CO_2 equivalent have been avoided for this product alone.

5.6 - OVERVIEW OF INDICATORS AND ADDITIONAL INFORMATION

5.6.1 - Reporting mechanisms

Two reporting tools are used throughout the Group to collect, administer and manage environmental, social and prevention-related data. One is an IT application dedicated to social data, and the other is specific software accessible on the Group's intranet to handle environmental and prevention data.

Reporting enables the various units to capitalize on good practices and share them within the Group. It should be noted as regards the various reporting tools, that:

- **prevention reporting** periodically consolidates statistical data on occupational risk prevention. It covered 100% of the Group's workforce (excluding acquisitions under three years), in 2014, with 135 entities included in the scope of reporting. New acquisitions receive training on the rules and standards of reporting in the first year of their consolidation into the Group. Their prevention indicators within the aggregates provided by the Group are taken into account only after the third year following their consolidation because of the time needed to acquire the Group's methods and standards. During 2014, seven sites were included in the reporting scope (SMS in Brazil, Middle Atlantic in Canada, Intervox Systèmes in France, Megapower in Malaysia, Electrorack in the United States, and two Middle-Atlantic sites in the United States). Two additional reporting entities were created (Firelec-Ulyanovsk in Russia and Legrand in Saudi Arabia). Four sites were redeployed during the year resulting in their deconsolidation (Legrand Montville in France, BTicino Milan in Italy, Leten in Russia and Cablofil in the United Kingdom);
- **Human Resources reporting** periodically consolidates statistical data on human resources management. It covered 94.9% of the Group's workforce in 2014. New acquisitions are integrated the year following their entry into the Group's scope of consolidation. There were five entries in 2014 (S2S in France, ADLEC in India, Numeric in India, Megapower in Malaysia, and Seico in Saudi Arabia). As the integration process and information exchange regarding Daneva and Tynetec were still ongoing, these two entities were not included in the 2014 reporting scope. No entities were deconsolidated;
- **environmental reporting** periodically consolidates statistical data on the environment. It affects production sites, administrative sites with over 200 people, and storage sites larger than 15,000 m². In 2014, this reporting covered more than 88% of the Group's production cost. New acquisitions are integrated between one and three years following the year of entry into the Group's scope of consolidation. Nine units were consolidated in 2014: the Guaxupe, SMS Diadema and SMS Aracaju sites in Brazil, Megapower site in Malaysia, and five Numeric sites in India. Six sites were deconsolidated in 2014: Legrand Montville in France, BTicino Milan and Zucchini Brescia in Italy, Leten in Russia, Cablofil in the United States and Wiremold West Bromwich in the United Kingdom);
- if an entity is sold, it immediately exits the scope of reporting mentioned above.

All of these applications include an overview document for the reporting process plus a user guide. Online help, data consistency checks and mandatory comments are integrated into these applications to help with the input of the entities' qualitative data.

5.6.2 - Overview of social indicators

5.6.2.1 HEALTH AND SAFETY INDICATORS

The table below summarizes the main health and safety indicators for the Group. The data presented correspond to the Prevention scope of reporting, which covers all Group employees excluding acquisitions under three years, in accordance with the integration rules described in section 5.6.1 of this Registration Document, *i.e.* 29,089 people at the end of 2014.

	2012	2013	2014
Occupational risk management plan (% of Group workforce covered by this plan)	N/A*	91.3%	95.3%
Health/safety monitoring and improvement process (% of Group workforce covered by this process)	N/A*	73.2%	94.4%
Health and Safety Committees: (% of Group workforce represented by a Health and Safety Committee)	82.5%	91.9%	91.1%
Workplace health: (Number of people who have had a (para)medical review within the last five years)	64.2%	73.8%	71.8%
Frequency of workplace accidents leading to absence: (Number of accidents x 1,000,000)/(Hours worked)	7.72	8.37	7.27
Severity of workplace accidents: (Number of days absence x 1,000)/(Hours worked)	0.23	0.22	0.22
Frequency of accidents suffered by subcontractors: (Number of subcontractor accidents occurring on a Group site x 1,000)/ (Number of employees on the Legrand site in question)	1.76	2.86	1.70
Training: Number of health & safety training hours per person	3.1	3.3	3.1
Work-related illnesses: (Number of recognized work-related illnesses)	73	62	61

* *These indicators were determined from 2013.*

Additional comments:

- the proportion of the workforce for whom risk indicators are consolidated corresponds to all employees covered by prevention reporting, with the exception of a few cases of isolated or seconded employees;
- 135 entities are included in the scope of reporting;
- risk assessment: two additional criteria were taken into account when assessing this indicator, which led to a slight reduction for 2014;
- subcontractor accident frequency index: this index is calculated based on accidents not leading to absence. During 2014, 141 accidents suffered by subcontractors were registered (all types of accidents). An analysis was performed on the basis of 77% of those accidents, which led to conclude that 80% of those accidents are benign, not leading to any absence.

5.6.2.2 INDICATORS ON EMPLOYMENT, THE ORGANIZATION OF LABOR, LABOR RELATIONS AND TRAINING

Group workforce at the end of 2014

The Group specifically applies the concept of "registered workforce", which includes employees with both fixed-term and open-ended employment contracts. The total registered workforce at the end of 2014 was 33,556 people.

The table below shows the average number of people, including temporary workers, employed by the Group in 2012, 2013 and 2014. The table shows the distribution of staff by geographical location and by main sector of activity.

	2012	2013	2014
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**35,250**	**35,869**	**36,476**
By geographical location:			
France	6,250	6,035	5,797
Italy	2,954	2,837	2,753
Rest of Europe	5,653	5,575	5,438
United States and Canada	2,594	2,629	3,137
Rest of the World	17,799	18,793	19,351

	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)	**80%**	**20%**	**81%**	**19%**	**81%**	**19%**
By geographical location:						
France	85%	15%	85%	15%	84%	16%
Italy	82%	18%	82%	18%	81%	19%
Rest of Europe	77%	23%	77%	23%	76%	24%
United States and Canada	79%	21%	79%	21%	78%	22%
Rest of the World	80%	20%	81%	19%	82%	18%

The tables below summarize the main indicators for the Group in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 94.9% of the overall workforce, or 31,862 people. Note that HR reporting does not include acquisitions completed in 2014.

Working hours – Worldwide

	2012	2013	2014
% of employees working full-time	97.5%	97.7%	97.7%
% of employees working part-time	2.5%	2.3%	2.3%

Additional note: the definition of full time and part time is given in the HR reporting user guide.

Absenteeism – Worldwide

	2012	2013	2014
ALL JOB CATEGORIES	**3.00%**	**2.98%**	**3.06%**

Additional note: Absences to be taken into account are absences because of illness (including work-related illness), accidents at work, accidents during commuting and unexcused absences. Excluded are days of temporary layoff, disciplinary suspension, strikes, maternity leave, absence for family events (legal or under agreements) and statutory holidays or unpaid leave.

The absenteeism indicator covered 86% of staff at the end of the HR reporting year.

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Social dialogue and freedom of association – Worldwide

	2012	2013	2014
% of employees covered by a collective bargaining agreement and/or convention	55%	54%	57%

Additional note: the percentage of employees covered by a collective bargaining agreement is the percentage of the total workforce at the year-end for the HR reporting scope.

Restructuring and reorganization – Worldwide

	2012	2013	2014
% of reporting scopes with consultation rules	22%	25%	24%

Compensation – Worldwide

	2012	2013	2014
% of non-managers on minimum wage	2%	2%	1%

Additional notes:

- *9 reporting scopes have employees on minimum wage;*
- *this indicator covers 89% of the Group's non-managers.*

Note: the average entry-level wage in the Group in 2014 was 24% above minimum wage.

Compensation by gender and occupational category – Worldwide

	2012	2013	2014
Wage gap between male and female managers	14%	16%	13%
Wage gap between male and female non-managers	18%	17%	15.5%

Additional note: the calculation of the wage gap between men and women, for both non-managers and managers, is based on the weighted workforce in each reporting scope.

With respect to the wage gap for non-managers, Legrand's industrial operations are assembly-intensive. These workshops are essentially staffed by women and the qualification level required is low. Concerning the wage gap for managers, note that these jobs are essentially staffed by men, the explanation for which lies in the nature of the Group's engineering businesses (electronic, electrotechnical and electromechanical fields) and sales and marketing activities (sales engineers). Pay for those jobs is above the company average.

Geographical breakdown of workforce

	2012	2013	2014
Mature countries	44%	40%	40%
New economies	56%	60%	60%
TOTAL	**100%**	**100%**	**100%**

Additional note: the breakdown covers 100% of employees with fixed-term or open-ended employment contracts (registered workforce).

Breakdown by professional category – Worldwide

	2012	2013	2014
Managers	25%	25%	25%
Non-Managers	75%	75%	75%

Additional note: the breakdown of professional categories is included in the HR reporting user guide.

Breakdown by seniority – Worldwide

	2012	2013	2014
Employees < 5 years	25%	25%	29%
Employees ≥ 5 years and < 16 years	39%	40%	38%
Employees ≥ 16 years and < 26 years	22%	22%	21%
Employees ≥ 26 years and < 36 years	9%	9%	9%
Employees ≥ 36 years	5%	4%	3%

Note: Data for the breakdown by seniority were based on employees with open-ended employment contracts.

Breakdown by age – Worldwide

	2012	2013	2014
Employees < 26 years	11%	10%	10%
Employees ≥ 26 years and < 36 years	30%	31%	31%
Employees ≥ 36 years and < 46 years	30%	30%	30%
Employees ≥ 46 years and < 56 years	21%	21%	21%
Employees ≥ 56 years	8%	8%	8%

Additional note: the age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2012	2013	2014
Open-ended Worldwide	79%	81%	82%
Fixed-term Worldwide	21%	19%	18%

Additional note: the proportion of fixed-term contracts is significantly impacted by the large number of temporary contracts in China, which is the usual practice in that country.

Developments during 2014 (hirings and departures) – Worldwide

	2012	2013	2014
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding amending of fixed-term into open-ended contracts)	29%	42%	40%
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	22%	17%	22%
Open-ended contract turnover	13%	12%	13%

In 2014:

- *the total number of hires was 5,861;*
- *the number of open-ended contracts among new hires on open-ended and fixed-term contracts totaled 2,363;*
- *the number of fixed-term contracts amended to open-ended contracts was 669.*

The "open-ended contract turnover" takes into account resignations, retirements, layoffs for personal reasons, layoffs for economic reasons, departures by stipulated agreement, employees with an open-ended contract not remaining in the company at the end of their probationary period, and other reasons (according to the methodology recommended by the GRI). This "open-ended contract turnover" indicator is calculated based on the total number of terminated open-ended contracts divided by the open-ended contract workforce at the beginning of the fiscal year.

Moreover, it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a current local practice.

Departures*	2012	2013	2014
Of which resignations	36%	42%	37%
Of which retirement	6%	7%	6%
Of which other departures	58%	51%	58%
TOTAL	**100%**	**100%**	**100%**

* *Additional note: The data relating to departures include open-ended contracts. The "other departures" indicator takes into account conventional agreements, layoffs for personal and economic reasons, employees with an open-ended contract not remaining in the Company at the end of their trial period, and various other reasons.*

For 2014, the total number of departures was 6,602 for all reasons and all types of contracts combined (out of which, 24% refer to dismissals for personal reasons, layoffs for economic reasons, and fixed-term contracts broken by the employer before the pre-determined term). Out of that total, 3,391 departures concerned open-ended contracts; 3,211 departures concerned fixed-term contracts, of which 73% took place within the Group's Chinese entities on account of the high proportion of fixed-term contracts in China. Note that 79% of departures of employees on fixed-term contracts took place at the employee's initiative.

Hirings by gender – Worldwide

	2012	2013	2014
Percentage of women among persons hired	55%	51%	54%
Percentage of men among persons hired	45%	49%	46%

Additional note: these figures take into account open-ended and fixed-term contracts and exclude fixed-term contracts amended into open-ended contracts.

Employee training (fixed-term and open-ended contracts)

	2012	2013	2014
Number of training hours per employee (Worldwide)	14 hours	14 hours	12 hours
Number of training hours per employee – Managers	18 hours	19 hours	18 hours
Number of training hours per employee – Non-managers	12 hours	12 hours	10 hours
Percentage of the Group's workforce receiving training during the year	N/A*	65%	65%

Talent management – Worldwide

	2012	2013	2014
Rate of Individual Appraisal Reviews (IARs) – Managers	80%(1)	89%	85%
Percentage of experts and talent managed by the OSR *(Organization and Staffing Review) system.*	N/A*	51%	N/A(2)
Manager-retention rate	N/A*	95%	96%

(1) Data adjusted since the 2012 Registration Document (70%) following an error in the scope of consolidation used.

(2) Please refer to chapter 5.4.3.1 of this registration document.

** Data computed as from 2013.*

5.6.2.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. All data are reported at current scope of consolidation.

Breakdown of employees by gender – Worldwide – Open-ended and fixed-term contracts

	2012	2013	2014
Women	38%	36%	36%
Men	62%	64%	64%

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2012	2013	2014
Female employees < 26 years	6%	5%	5%
Male employees < 26 years	5%	6%	6%
Female employees ≥ 26 years and < 36 years	12%	11%	11%
Male employees ≥ 26 years and < 36 years	19%	20%	20%
Female employees ≥ 36 years and < 46 years	10%	10%	10%
Male employees ≥ 36 years and < 46 years	19%	20%	20%
Female employees ≥ 46 years and < 56 years	8%	7%	7%
Male employees ≥ 46 years and < 56 years	13%	13%	13%
Female employees ≥ 56 years	3%	3%	3%
Male employees ≥ 56 years	5%	5%	5%

Additional note: at the end of 2014, the average age of male employees was 39.89 years and 38.89 years for female employees.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2012	2013	2014
Percentage of female managers	22%	21%	22%
Percentage of male managers	78%	79%	78%
Percentage of female non-managers	44%	41%	41%
Percentage of male non-managers	56%	59%	59%
Percentage of women in key positions	N/A*	11.5%	12.9%

* *Data available since 2013.*

Percentage of disabled workers – Worldwide

	2012	2013	2014
Percentage of disabled workers	2.55%	2.57%	2.23%

Additional note: This indicator is calculated for entities that have been with the Group for more than three years.

For France, the rate for disabled workers was 7,73% at the end of 2014, above the legal minimum of 6% (as provided by law, including subcontracting with the protected sector). Note that this rate is computed based on 98% of the Group's workforce in France.

5.6.3 - Overview of environmental indicators

The tables below show the main Group environmental indicators. All data correspond to the Environment reporting scope, which covers over 88% of the Group's production cost, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent which cover 100% of the Group's activities.

For more information on rules on integrating new acquisitions into the reporting process, please refer to section 5.6.1. of this Registration Document.

5.6.3.1 ENVIRONMENTAL INDICATORS – SITES

The table below shows the main indicators monitored by the Group as regards impact related to site activities. Data below is at current scope of consolidation.

Comments on the data presented can be found in section 5.5 of this Registration Document.

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	2012	2013	2014
Energy consumption *(GWh)*	479	472	445
Direct energy consumption (mainly gas) *(GWh)*	213	195	179
Indirect energy consumption (mainly electricity) *(GWh)*	266	277	266
Total CO_2 emissions for Scopes 1 *and* 2 of the carbon assessment *(in thousands of metric tons of CO_2 equivalent)*	177*	188*	163*
Emissions from product transport *(in thousands of metric tons of CO_2 equivalent)*	88.8	103.0	89
CO_2 emissions related to energy consumption *(in thousands of metric tons of CO_2 equivalent)* for Scopes 1, 2 and 3 of the carbon assessment	1,856	1,859	1,887
ISO 14001-certified sites *(%)*	87%	87%	88,5%
Water consumption *(in thousands of m^3)*	1,158	1,128	990
Waste produced *(in thousands of metric tons)*	49.6	49.9	51.6
Waste recovered *(%)*	82%	85%	86%
Volatile Organic Compounds (VOCs) *(in metric tons)*	83	89	125

* *Recovery complies with the requirements of the GHG Protocol.*

Additional notes:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of the year Y-1 and of the first three quarters of the year Y;
- VOC emissions totaled 125 metric tons in 2014, up 40% compared with 2013 at current scope. It is important to note that almost 83% of this increase (30 tons out of 36) results from a perimeter effect, explained by the integration, in the Group's environmental reporting between 2013 and 2014, of the sites of the Brazilian subsidiary SMS, and of the sites of the Indian subsidiary NUMERIC. Without this perimeter effect, VOC emissions are up 6,7%, mainly due to an improvement in the reporting process for data from sites included in the scope of the estimates;
- a total of 20 new sites (related to Legrand's acquisitions) were certified accordingly between 2011 and 2014, including Fairfield in the United States, Caxias do Sul in Brazil, Wuxi in China, Preston in Australia, Kosice in Slovakia and Nashik and the 5 NUMERIC sites in India. At the end of 2014, 88.5% of industrial and logistic sites consolidated within the Group for more than five years were ISO 14001-certified.

5.6.3.2 ENVIRONMENTAL INDICATOR – PRODUCTS

	2012	2013	2014
Share of Group sales generated by products with PEPs	37%	47%	52%
Share of Group sales compliant with the RoHS regulation	N/A*	90%	85%

* *Data available since 2013.*

The drop of five percentage points between 2013 and 2014 in the share of Group sales compliant with the RoHS regulation was primarily due to the integration into the Group's business portfolio of products from recent acquisitions. From a regulatory perspective, these products do not fall within the RoHS directive's scope of application. The elimination of RoHS substances contained in these products is a voluntary commitment by the Group.

5.6.3.3 ENVIRONMENTAL INDICATORS – OTHER

	2012	2013	2014
Environment-related training and awareness campaigns *(hours)*	17,375	18,700	22,934
Environment-related contingency provisions and guarantees *(in millions of euros)*	14.6	13.0	13.8

For more information on the management of environmental risks, please refer to section 4 of this Registration Document.

5.6.4 - Article 225 – GRI – Cross-reference table

Obligations under Article 225 of the Grenelle 2 Law		Sections of the Registration Document	Global Reporting Index GRI G3
Policy	Company efforts to take into account the social and environmental consequences of its activity, as well as its social commitments to sustainable development; its guidelines, where necessary specifying the actions or initiatives implemented	5.1.1 – 5.1.2 – 5.1.3 – 5.4 – 5.4.3 – 5.5	1.1 – 1.2 4.1 to 4.17

Note: The topics marked with an above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 5.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G3
Labor relations	a) Employment	■ Total workforce	5.6.2	LA1
		■ Employees broken down by gender, age and geographical area	5.6.2	LA1
		■ New employee hiring and layoffs	5.6.2	LA2
		■ Employee compensation and salary progression	5.4.3 – 5.6.2	EC1 – EC3 – EC5
	b) Work organization	■ Working hours	5.4. – 5.6.2	LA1
		■ Absenteeism	5.4. – 5.6.2	
	c) Labor relations	■ Organization of social dialogue	5.4.1	LA4
		■ Collective bargaining agreements	5.4.1	LA5
	d) Health and safety	■ Health and safety conditions	5.4.2 – 5.6.2	LA6
		■ Agreements signed	5.4.2 – 5.6.2	LA9
		■ Workplace accidents	5.4.2 – 5.6.2	
	e) Training	■ Total number of training hours	5.4.3 – 5.6.2	LA10
		■ Training policies	5.4.3	
	f) Equal treatment: measures taken to promote:	■ Equality between men and women	5.4.3 – 5.6.2	LA14
		■ Employment and integration of disabled people	5.4.3 – 5.6.2	LA13
		■ Prevention of discrimination	5.4.3 – 5.6.2	LA13
	g) Promotion and compliance with the International Labor Organization's (ILO) fundamental conventions	■ Promotion of freedom of association and the right to collective bargaining	5.4.1	LA4 – LA5
		■ Elimination of discrimination in employment and occupation	5.4.1 – 5.4.3	LA13 – LA14
		■ Elimination of forced or compulsory labor	5.4.1	
		■ Effective abolition of child labor	5.4.1 – 5.3.2	

Note: The topics marked with an above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 5.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G3
Environmental aspects	**a)** General environmental policy	Company organization to take environmental issues into account	5.5.	
		Employee training and information actions	5.5. – 5.6.3	5
		Resources devoted to preventing environmental risks and pollution	5.5. – 5.5.1	EN30
		Amount of provisions and guarantees for environmental risks	5.6.3	EN28
	b) Pollution and waste management	Measures to prevent, reduce, or compensate for air, water, and soil emissions severely affecting the environment	5.5.1 – 5.6.3	EN19 – EN20 – EN22 – EN23 – EN24
		Measures to prevent, recycle, and dispose of waste	5.5.1 – 5.5.2 – 5.6.3	EN22 to 24
		Taking account of noise* and other sources of pollution specific to an activity, where relevant	5.5.1 – 5.6.3	
	c) Sustainable use of resources	Water consumption and water supply according to local constraints	5.5.1 – 5.6.3	
		Consumption of raw materials and measures to improve their efficient use	5.5.1 – 5.5.2 – 5.6.3	
		Energy consumption, and where relevant, measures to improve energy efficiency and the use of renewable energy sources	5.2.1 – 5.2.2 – 5.5.1 – 5.5.2 – 5.6.3	EN3 – EN4
		Land use*	5.5.1 – 5.6.3	
	d) Climate change	Greenhouse gas emissions	5.2.1 – 5.5.1 – 5.6.3	EN16 – EN 17 – EN19 – EN20
		Adaptation to the impacts of climate change	5.5.1 – 5.6.3	
	e) Protection of biodiversity	Measures taken to protect or develop biodiversity*	5.5.1 – 5.6.3	

Note: The topics marked with an above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 5.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G3
Social commitments to sustainable development	**a)** Regional, economic and social impact of the activity	Employment and regional development	5.3.3	EC5
		On neighboring and local populations	5.3.3	EC1 and EC6
	b) Relations with interested parties	Conditions of dialogue with interested parties	5.1.2	PR5
		Partnership or corporate philanthropy	5.3.3	EC1 4.11 to 13
	c) Subcontracting and suppliers	Incorporation of social and environmental issues in purchasing policies	5.3.2	EC6
		The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	5.3.2	3.6 and 4.14
	d) Fair practices	Actions taken to prevent corruption	5.3.1	SO2 to SO5, SO7 and SO8
		Measures to promote consumer health and safety	5.2.1	PR1 – PR3 – PR6 – PR7
		Other actions to promote Human Rights	5.4.1	

Note: The topics marked with an above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 5.1.1. for more information on this decision.*

Note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for electrical equipment, control-command and related services), the Legrand Group helped draw up the sector's CSR reporting guide. This guide follows the structure of Article 225 of the Grenelle 2 Law as presented above and clarifies the approach adopted ("comply or explain"), based on the degree of relevance and appropriateness of each issue, including those issues specific to Legrand's sector.

5.6.5 - Global Compact principles and corresponding sections of this Registration Document

Global Compact principle	Sections of the Registration Document
1. Businesses should support and respect the protection of internationally proclaimed Human Rights	5.3.2 – Ensuring responsible purchasing 5.4.3 – Developing skills and promoting diversity 5.4.2 – Guaranteeing occupational health and safety
2. Businesses should ensure that they are not complicit in human rights abuses.	5.3.1 – Acting ethically 5.4.3 – Developing skills and promoting diversity 5.4.2 – Guaranteeing occupational health and safety
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	5.3.1 – Acting ethically 5.3.2 – Ensuring responsible purchasing 5.4.1 – Respecting Human Rights
4. The elimination of all forms of forced or compulsory labor	5.3.1 – Acting ethically 5.3.2 – Ensuring responsible purchasing 5.4.1 – Respecting Human Rights
5. The effective abolition of child labor	5.3.1 – Acting ethically 5.3.2 – Ensuring responsible purchasing 5.4.1 – Respecting Human Rights
6. The elimination of discrimination with respect to employment and occupation	5.4.3 – Developing skills and promoting diversity
7. Businesses should support a precautionary approach to environmental challenges	5.5.1 – Reducing the Group's environmental footprint
8. The undertaking of initiatives to promote greater environmental responsibility	5.5.1 – Reducing the Group's environmental footprint
9. The encouragement of the development and diffusion of environmentally friendly technologies	5.2.1 – Providing sustainable solutions 5.5.2 – Innovating for a circular economy
10. Businesses should work against corruption in all its forms, including extortion and bribery	5.3.1 – Acting ethically 5.3.2 – Ensuring responsible purchasing

5.7 - REPORT OF THE STATUTORY AUDITORS

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Report of one of the Statutory Auditors, appointed as independent third-party, on the review of consolidated environmental, social and societal information published in the management report

Year ended December 31, 2014

This is a free translation into English of the original 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 auditing standards applicable in France.

To the shareholders,

In our capacity as one of the Statutory Auditors of Legrand SA, and appointed as independent third-party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under the number 3-1048[1], we hereby provide you with our report on the social, environmental and societal information presented in the management report for the year ended December 31, 2014 (hereinafter the "CSR information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a management report which includes the CSR Information in accordance with the provisions set forth in Article R. 225-105-1 of the French Commercial Code, in line with the reporting protocols and guidelines used by Legrand SA (hereinafter the "Reporting Guidelines"), which are available for consultation upon request from the Sustainable development & Strategic Processes Team.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITORS

Based on our work, our responsibility is:

- to attest that the required CSR Information are presented in the management report or, in the event of omission, are explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the Reporting Guidelines (Formed opinion on the fair presentation of CSR Information).

Our work was carried out by a team of six people between November 2014 and February 2015, *i.e.* a period of around fourteen weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party conducts its assignment and, with regard to the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000[2].

(1) The scope of which is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of completeness of the CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, *i.e.*, the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limitations set forth in the methodological note presented in the corporate social responsibility section of the management report.

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

2. Formed opinion on the fair presentation of CSR Information

Nature and scope of procedures

We conducted around ten interviews with the people responsible for preparing the CSR Information in the departments in charge of data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we have considered to be most important (see Appendix 1):

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selected (see Appendix 2) according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented 39% of the headcount, between 21% and 41% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Neuilly-sur-Seine, March 18, 2015

French original signed by one of the statutory auditors:

Deloitte & Associés

Jean-Marc Lumet	Olivier Jan
Partner, Audit	Partner, Sustainability Services

Appendix 1: Important information

The CSR Information that we considered to be the most important, on which we conducted detailed tests, are the following:

Quantitative information related to health and safety:

- frequency of workplace accidents leading to absence;
- severity of workplace accidents;
- work-related illnesses.

Other quantitative labour information:

- number of employees and breakdown by age, gender and geographical location;
- hiring (Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts);
- departures (of which resignations, retirement and other departures);
- number of training hours per employee (worldwide);
- wage gap between male/female managers and male/females non-managers;
- absenteeism (all job categories).

Quantitative environmental information:

- ISO 14001-certified sites (%);
- water consumption (m^3);
- direct and indirect energy consumption (MWh);
- total CO_2 emissions for scopes 1 and 2 of the carbon assessment (teq. CO_2);
- volatile Organic Compounds (VOCs) emissions (t);
- waste produced (t);
- waste recovered (%).

Qualitative information:

- CSR roadmap 2014-2018 (objectives, performance indicators, state of achievement);
- actions in favor of social dialogue;
- responsible purchasing policy and supplier risk management;
- quality policy and product risk management;
- dialogue with the Group's stakeholders;
- compliance program and prevention of corruption.

Appendix 2: Sample of selected sites and entities

The sample of selected sites is presented below:

Quantitative information related to health and safety:

Huizhou (China), EMB (Egypt), Limousin (France), Legrand Hungary (Hungary), BTicino (Italy), Firelec (Russia), Kontaktor (Russia), Inform (Turkey), Electrak Consett (UK)

Other quantitative social information:

Italie, France, Russie – Firelec and Kontaktor, Turkey, UK, Hungary, Egypt, China – Huizhou

Quantitative environmental information:

Huizhou (China), EMB (Egypt), Magré 123 (France), Malaunay (France), Szentes Kontavill (Hungary), Varese (Italy), Firelec (Russia), Kontaktor (Russia), Inform (Turkey), Electrak Consett (UK)

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

06

6.1 - PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 9 of this 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.

6.2 - 2014 HIGHLIGHTS

In 2014, the Group's consolidated sales totaled €4,499.1 million compared with €4,460.4 million in 2013, up 0.9%, with changes in scope of consolidation accounting for +2.7%, organic growth +0.5%, and exchange rates -2.4%.

Adjusted operating margin before acquisitions[(1)] was stable compared with 2013 and came to 19.8% of 2014 sales (in line with the targets set at the beginning of the year) thanks to:

- solid fundamentals, in particular strong market positions;
- country-specific performance management, reflecting market conditions: cost adaptation in countries marked by an unfavorable environment, and allocation of resources in expanding countries to capture growth and develop new market positions; and
- ongoing productivity initiatives, including in particular deployment of product platforms.

Taking acquisitions into account, the 2014 adjusted operating margin came to 19.6% of sales.

Net income excluding minority interests stood at €531.7 million in 2014, or 11.8% of sales.

Normalized[(2)] free cash flow stood at €607.5 million in 2014, or 13.5% of sales. This corresponds to a 114% conversion rate[(3)] of net income excluding minorities, confirming the group's ability to transform its operational performance into cash generation. Normalized free cash flow is up +3.2% from 2013, reflecting good operational performance and control of investments (2.8% of sales in 2014).

Working capital requirement is under control at 8.2% of sales in 2014, including in particular a decline in inventory of manufactured goods.

Legrand pursued its value-creating innovation strategy during the year, particularly regarding its offer of connected products, and successfully launched many new products. Legrand also innovated in service to customers by opening Innoval Lyon (France), its first "project store". This all-new concept gives customers an opportunity to explore group offerings in operation in a connected and interactive showroom, and provides training in the installation of Legrand solutions. Openings of more project stores are planned for France in 2015.

Since the first half of 2014, Legrand has created an Operations department to bring all of the group's industrial back-office functions together under a single management, with three priorities:

- strengthen focus on 7 strategic fields of activity by creating SBUs – Strategic Business Units – in charge of R&D and production;
- enhance productivity management with the constitution of a Group Operations Performance department; and
- improve supply-chain and purchasing efficiency by bringing them closer to operations.

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

Building on this new structure, Legrand actively pursued initiatives to strengthen its market positions in 2014. These included developing new connected and increasingly interactive solutions such as the Ecocompteur, and successfully launching many new products including the new Céliane collection and the Archimod UPS range.

(1) At 2013 scope of consolidation.

(2) Based on a constant 10% ratio of working capital requirement to sales, at constant scope of consolidation and exchange rate.

(3) Conversion rate is equal to normalized free cash flow divided by the net income excluding minorities.

Legrand also announced the acquisitions of three leading companies in growing markets that together represent annual sales of over €120 million.

CSR challenges are built into Legrand's strategy, and since the first half of 2014 have been integrated into a new five-year roadmap whose 2014 achievements were fully in line with the plan. At once ambitious and innovative, this new roadmap incorporates, in particular, priorities targeting end-users and their way of life. It reflects the group's commitment to responsible, sustainable use of electricity in buildings, plus care for the environmental impact of its own operations and for all of its stakeholders, in particular teams operating around the world.

6.3 - OPERATING INCOME

6.3.1 - Introduction

The Group reports its finances and results of operations on the basis of five geographic zones corresponding to the zone of origin of the products sold. Information relating to the results of operations and finances for each of these five geographic zones is presented for the years 2014 and 2013 in Note 24 to the consolidated financial statements shown in chapter 9 of this Registration Document. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets. These five geographic zones are:

- France;
- Italy;
- Rest of Europe (mainly including Russia, Turkey, the United Kingdom, Spain, Belgium, the Netherlands, Poland, Germany, Switzerland and Austria);
- the United States and Canada; and
- Rest of the World (mainly including India, Brazil, China, Australia, Mexico, Chile, Saudi Arabia, Colombia, Egypt, Malaysia, the United Arab Emirates and Peru).

Since local market characteristics are the determining factor in the Company's performance and net sales by zone, consolidated financial information for multi-country zones does not always accurately reflect the financial performance of each national market. Furthermore, products may be manufactured and sold locally, or instead be imported from or exported to another member of the Group. These factors may distort comparisons of results in various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results hereafter focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

6.3.2 - Factors that affect the results of operations

6.3.2.1 NET SALES

Markets in the countries and regions in which Legrand operates have different characteristics, essentially as a result of local economic conditions and standards of living, which affect the level of renovation and new construction of homes, stores and office buildings, as well as the level of corporate investment in industrial facilities.

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;

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- changes in sales prices (including quantity 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 sales are recorded) for the years ended December 31, 2014 and 2013. Sales "by destination" means all sales by the Group to third parties in a given geographic market.

	Legrand Year ended December 31			
	2014		2013	
(in millions of euros except %)	€	%	€	%
Net sales by destination				
France	911.3	20.3	935.2	21.0
Italy	462.5	10.3	482.2	10.8
Rest of Europe	825.4	18.3	818.3	18.3
United States and Canada	853.1	19.0	758.6	17.0
Rest of the World	1,446.8	32.1	1,466.1	32.9
TOTAL	**4,499.1**	**100.0**	**4,460.4**	**100.0**

6.3.2.2 COST OF SALES

Cost of sales consists primarily of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 67% of consolidated cost of sales over the last two financial years. Likewise, on average approximately 70% of the cost of raw materials and components relates to components and semi-finished goods, and approximately 30% relates to raw materials. The breakdown between raw materials, components and semi-finished products varies according to the product mix, trends in market prices and choices for industrial organization, in particular with the systematic application of a "make or buy" approach to all projects.

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 and due to inflation, and decline as a result of productivity initiatives and economies of scale associated with the increase in production volumes.

Other items included in production costs are:

- depreciation of fixed assets;
- subcontracted added value; and
- other general manufacturing expenses, such as expenses linked to energy consumption.

The main factors that influence cost of sales, in particular as a percentage of net sales, include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of the specific technology, 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;
- trends in inflation for other cost components (salaries, energy, etc.);
- effective purchasing following deployment of the cost-reduction policy through the centralization, internationalization and standardization of purchasing management at Group level;
- initiatives aiming at improving group operating efficiency, through the implementation of best practices that plan to improve productivity and inventory management optimization; and
- product life cycles.

6.3.2.3 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling expense consists essentially of the following:

- salary costs and benefit charges for administrative staff and sales personnel;
- expense relating to logistics, information systems and miscellaneous expenses;
- advertising expense;
- amortization of intangible assets, such as trademarks revalued following acquisitions; and
- other selling expense, such as printing costs for catalogs and expense incurred in connection with travel and communications.

6.3.2.4 RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense consists principally of the following:

- salary costs and benefit charges for research and development employees;
- miscellaneous expense related to research and development, such as software, prototypes and patent registration costs, less R&D tax credits available in various countries;
- expense related to the use and maintenance of administrative offices, as well as expense related to information systems, in each case, concerning research and development activities; and
- amortization of capitalized development expense. 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.

6.3.2.5 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense includes restructuring expense and other expense and provisions.

6.3.2.6 OPERATING INCOME

Operating income consists of net sales, less cost of sales, administrative and selling expense, research and development expense, and other operating expense. Operating income does not include net financial expense (described below).

6.3.2.7 NET FINANCIAL EXPENSE AND EXCHANGE GAINS AND LOSSES

Net financial expense principally corresponds to financial expense related to the 2011 credit facility; Yankee bonds; the 2010, 2011 and 2012 bond issues, and other bank borrowings (for a description of these arrangements, see paragraph 6.5 of this chapter), less financial income arising from the investment of cash and cash equivalents. In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract. This agreement extends the maximum maturity of the €900 million revolving credit line by three years, *i.e.* up to July 2021, at improved financing terms compared with October 2011.

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. For more details, investors should consult Notes 2.3 and 19.1 to the consolidated financial statements referred to in chapter 9 of the present Registration Document.

6.3.2.8 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.

6.3.2.8.1 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 (*i.e.*, excluding the effects of the acquisition) takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the entity.

6.3.2.8.2 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 (*i.e.*, excluding the effects of the acquisition) takes into account the sales of the acquired company, based on sales data for the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the previous year during which it was not consolidated.

6.3.2.8.3 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 (*i.e.*, excluding the effect of disposals) 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.

6.3.2.8.4 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 (*i.e.*, excluding the effect of disposals) does not take into account sales of the divested company in the prior period.

6.3.2.8.5 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 (*i.e.*, excluding the effect of activities suspended) 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.

6.3.2.8.6 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 does not take into account sales of the activity suspended in the prior period.

6.3.2.8.7 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.

6.3.2.9 BREAKDOWN OF CHANGES IN NET SALES FROM 2013 TO 2014

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 2013 and 2014.

	Year ended December 31					
Net sales *(in millions of euros except %)*	**2013**	**2014**	**Total variation**	**Scope of consolidation**	**Organic growth**	**Impact of exchange rates**
France	935.2	911.3	(2.6)%	0.8%	(3.3)%	0.0%
Italy	482.2	462.5	(4.1)%	0.0%	(4.1)%	0.0%
Rest of Europe	818.3	825.4	0.9%	3.1%	3.2%	(5.2)%
USA/Canada	758.6	853.1	12.5%	9.9%	2.2%	0.1%
Rest of the World	1,466.1	1,446.8	(1.3)%	1.0%	2.0%	(4.3)%
CONSOLIDATED TOTAL	**4,460.4**	**4,499.1**	**0.9%**	**2.7%**	**0.5%**	**(2.4)%**

The following table presents the breakdown of changes in net sales to third parties as reported by zone of **origin** between 2013 and 2014.

Net sales *(in millions of euros except %)*	Year ended December 31 2013	2014	Total variation	Scope of consolidation	Organic growth	Impact of exchange rates
France	1,053.9	1,033.0	(2.0)%	0.7%	(2.7)%	0.0%
Italy	522.5	499.6	(4.4)%	0.0%	(4.4)%	0.0%
Rest of Europe	800.1	809.5	1.2%	2.8%	4.1%	(5.4)%
USA/Canada	773.3	874.5	13.1%	10.1%	2.6%	0.1%
Rest of the World	1,310.6	1,282.5	(2.1)%	1.1%	1.6%	(4.7)%
CONSOLIDATED TOTAL	**4,460.4**	**4,499.1**	**0.9%**	**2.7%**	**0.5%**	**(2.4)%**

6.3.2.10 OTHER FACTORS AFFECTING THE GROUP'S NET INCOME

- 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.

6.4 - YEAR-ON-YEAR COMPARISON: 2014 AND 2013

(in millions of euros)	Legrand Year ended December 31 2014	2013
Net sales	**4,499.1**	**4,460.4**
Operating expense		
Cost of sales	(2,197.2)	(2,156.6)
Administrative and selling expense	(1,214.4)	(1,184.4)
Research and development expense	(193.2)	(197.8)
Other operating income (expense)	(46.8)	(72.2)
Operating income	**847.5**	**849.4**
Financial expense	(85.9)	(87.7)
Financial income	8.6	6.9
Exchange gains (losses)	1.5	(1.8)
Total net financial expense	**(75.8)**	**(82.6)**
Income before taxes	**771.7**	**766.8**
Income taxes	(238.4)	(233.5)
Net income for the year	**533.3**	**533.3**
Net income attributable to:		
■ **Legrand**	**531.7**	**530.5**
■ **Minority interests**	**1.6**	**2.8**

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill) and maintainable adjusted operating income (*i.e.*, excluding restructuring charges) for the periods under review.

(in millions of euros)	2014	2013
Net income for the year	**533.3**	**533.3**
Income taxes	238.4	233.5
Exchange (gain)/loss	(1.5)	1.8
Financial income	(8.6)	(6.9)
Financial expense	85.9	87.7
Operating income	**847.5**	**849.4**
Acquisition-related amortization and expense/income	32.9	32.9
Impairment of *goodwill*	0.0	0.0
Adjusted operating income	**880.4**	**882.3**
Restructuring charges	21.7	29.3
Maintainable adjusted operating income	**902.1**	**911.6**

6.4.1 - Net sales

Consolidated net sales rose by 0.9% to €4,499.1 million in 2014 compared with €4,460.4 million in 2013, reflecting:

- a +2.7% increase in net sales due to changes in scope of consolidation from 2013 to 2014. This relates in particular to the first-time consolidations in 2014 of Neat (Spain) for 10 months, Lastar (USA) for 9 months and SJ Manufacturing (Singapore) for 7 months;
- a +0.5% organic rise in sales, in line with targets set at the beginning of the year, with good sales momentum in the United States/Canada zone, growth in new economies, and rising sales in Southern and Northern Europe[1] more than offsetting business trends that have not yet stabilized in other mature countries in Europe; and
- a 2.4% decline in net sales due to unfavorable variations in exchange rates in 2014 compared with 2013.

Comments below concern sales by destination.

France. Sales declined 2.6% in 2014 to €911.3 million compared with €935.2 million in 2013. This resulted from a -3.3% organic decline in sales, with a renovation market that proved resilient overall, while new construction continued to retreat. These trends were partly offset by a change in the scope of consolidation that made a positive 0.8% contribution, due in large part to the inclusion of S2S over an additional four months. Against this backdrop, Legrand nonetheless reported good performances in lighting controls, Voice-Data-Image systems and assisted living. In particular, sales in the fourth quarter alone, down -5.7%, are in reality close to the full-year trend due to an unfavorable intra-annual basis for comparison that represented around -7 points[2] and a favorable impact of strong demand from distributors at the very end of the year which added 5 points[3] but will, in turn, have the reverse unfavorable effect in the first quarter of 2015.

Italy. Sales stood at €462.5 million in 2014, down 4.1% from €482.2 million in 2013, compared with an 11.6% decline in 2013—an 8-point improvement generated as follows: around 4 points from a slower decline in the downstream sell-out of Legrand products by distributors (sell-out), which came to -3%[3] in 2014 compared with -7%[3] for 2013, and around 4 points from a reduction in distributor destocking effect, which stood at 1 point[3] for 2014 compared with 5 points[3] for 2013.

Rest of Europe. Sales in the Rest of Europe rose 0.9% to €825.4 million in 2014, compared with €818.3 million in 2013. The increase reflected +3.2% organic growth fueled in particular by

(1) Here Southern Europe includes Spain, Greece and Portugal; Northern Europe includes Germany, Belgium, the Netherlands and the United Kingdom.

(2) Growth at constant scope of consolidation and exchange rates was +1.7% in the fourth quarter of 2013, compared with -5.1% at the end of the first nine months of 2013.

(3) Estimate.

healthy growth in several mature countries such as Germany, the Netherlands and Spain, but also in many new economies including Hungary, Romania, the Czech Republic, Slovakia and Turkey. It also reflected in a +3.1% change in scope of consolidation, due primarily to the integration of Neat (Spain) for 10 months and of Tynetec (UK) for an additional 7 months, partly offset by an unfavorable exchange-rate impact of -5.2%.

United States and Canada. Sales in the US/Canada region rose 12.5% to €853.1 million in 2014 compared with €758.6 million in 2013. The increase resulted from organic sales growth of 2.2%, driven by good performances in wiring devices, Voice-Data-Image solutions and building systems, a 9.9% increase in scope of consolidation stemming primarily from the 9-month consolidation of Lastar and a favorable exchange-rate effect of 0.1%. Altogether residential activity continues to do well and Legrand's performance in the commercial market is positive.

Rest of the World. Sales in the Rest of the World zone fell 1.3% to €1,446.8 million in 2014 compared with €1,466.1 million in 2013. This reflected an unfavorable exchange-rate effect of 4.3%, partly offset by organic growth in sales of 2.0%, with healthy growth in new economies in Asia, including India and Malaysia, and also in Africa and the Middle East, including Egypt and South Africa, while sales in Latin America edged down overall; and a 1.0% increase in scope of consolidation primarily stemming from the integration of SJ Manufacturing (Singapore) for 7 months and that of Adlec (India) for an additional 7 months in 2014.

6.4.2 - Cost of sales

The consolidated cost of sales rose 1.9% from €2,156.6 million in 2013 to €2,197.2 million in 2014, mainly as a result of:

- consolidation of new acquisitions;

partly offset by:

- lower raw materials and components prices in 2014 than in 2013;
- continuing efforts to raise productivity and adjust to changing conditions. Overall, at constant scope of consolidation and exchange rates, production costs declined by 2.8% from 2013 to 2014; and
- average exchange-rate effects for the year, with the euro gaining ground against most other currencies.

The cost of sales thus represents 48.8% of sales in 2014 compared with 48.3% in 2013.

6.4.3 - Administrative and selling expense

Consolidated administrative and selling expense increased by 2.5% to €1,214.4 million in 2014 compared with €1,184.4 million in 2013, essentially due to:

- consolidation of new acquisitions; and
- allocation of resources to expanding economies to capture growth and build new market positions;

partly offset by:

- average exchange-rate effects for the year, with the euro rising against most other currencies.

Administrative and selling expense, expressed as a percentage of sales, represents 27.0% in 2014, compared to 26.6% in 2013.

6.4.4 - Research and development expense

In 2014, Legrand pursued its innovation strategy, with many successful new product launches. These include the new Céliane collection in France; the international launch of its Archimod HE modular UPS range, featuring ease of operation and improved performance; and the Livinglight Air wiring-device range in Europe, introducing innovative esthetics and technology into the Livinglight family. Legrand also continued to expand its offer of connected products, with some attracting notice at the 2015

Consumer Electronics Show in Las Vegas—among them the Legrand RGB light control, which works with the open source Alljoyn™ standard to dim and select the color of light sources via Wi-Fi.

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. As a result, €29.0 million in development expense was capitalized in 2014 compared to €29.1 million in 2013. Amortization charges for capitalized development costs amounted to €25.8 million in 2014, compared to €24.1 million in 2013.

Consolidated research and development expense totaled €193.2 million in 2014 and €197.8 million in 2013. Excluding the impact of the capitalization of development costs and the tax credit for research and development activities, R&D expenditure came to €202.9 million in 2014 (4.5% of net sales) compared to €207.7 million in 2013 (4.7% of net sales).

	Calculation of research & development expenditure	
(in millions of euros)	**2014**	**2013**
Research and development expense	**(193.2)**	**(197.8)**
Amortization related to acquisition and R&D tax credit	(6.5)	(4.9)
Amortization of capitalized development costs	25.8	24.1
RESEARCH AND DEVELOPMENT EXPENSE BEFORE CAPITALIZED DEVELOPMENT COSTS	**(173.9)**	**(178.6)**
Capitalized development costs	(29.0)	(29.1)
RESEARCH AND DEVELOPMENT EXPENDITURE FOR THE YEAR	**(202.9)**	**(207.7)**

In 2014, R&D operations had close to 2000 employees in around 17 countries.

6.4.5 - Other operating income and expense

In 2014, other operating income and expense totaled €46.8 million, compared to €72.2 million in 2013.

6.4.6 - Operating income

Consolidated operating income edged down 0.2% to €847.5 million in 2014 compared to €849.4 million in 2013. The decrease was primarily due to:

- an 0.9% increase in sales;
- a 1.9% increase in cost of sales;
- a 1.8% rise in administrative, sales and R&D expense; and
- consolidation of new acquisitions.

these factors were partly offset by:

- a €25.4 million decrease in other operating income and expense.

As a percentage of sales, operating income was down at 18.8% in 2014 compared with 19.0% in 2013.

6.4.7 - Adjusted operating income

Adjusted operating income is defined as operating income adjusted for amortization of intangible assets revalued as part of the purchase-price allocation process, plus any acquisition-related expense and income as well as impairment of goodwill.

Adjusted operating income declined 0.2% from €882.3 million in 2013 to €880.4 million in 2014, broken down geographically as follows:

- an 0.8% decline in France to €249.3 million or 24.1% of sales in 2014, compared to €251.2 million or 23.8% in 2013;
- a decline of 7.7% in Italy, to €156.1 million or 31.2% of sales in 2014, compared to €169.1 million or 32.4% in 2013;
- a 2.0% rise in the Rest of Europe zone. This sets the total figure for 2014 at €135.1 million compared with €132.4 million in 2013, or 16.7% of sales in 2014 compared with 16.5% in 2013;
- a 19.5% rise to €146.3 million in the US and Canada in 2014 from €122.4 million in 2013, representing 16.7% of sales in 2014 compared to 15.8% in 2013; and
- a 6.6% decline in the Rest of the World zone, for a total of €193.6 million in 2014 compared to €207.2 million in 2013, representing 15.1% of sales in 2014 compared to 15.8% in 2013.

Adjusted operating margin comes to 19.6% of sales (19.8% excluding acquisitions), in line with targets. This performance illustrates the initiatives taken by the group to simultaneously fuel growth in expanding markets, adapt in countries where necessary, and pursue ongoing initiatives to improve productivity, such as the deployment of product platforms.

6.4.8 - Net financial expense

Net financial expense fell 4.3% to €77.3 million in 2014, compared to €80.8 million in 2013, representing 1.7% of net sales compared with 1.8% in 2013.

6.4.9 - Exchange gains and losses

Exchange gains came to €1.5 million in 2014, compared with a loss of €1.8 million in 2013.

6.4.10 - Income tax

In 2014 Legrand's pre-tax income amounted to €771.7 million, up from €766.8 million in 2013. This was attributable to lower net financial expense and to foreign exchange gains, partly offset by lower operating income.

Consolidated income tax amounted to €238.4 million in 2014, compared to €233.5 million in 2013. The increased charge for 2014 is essentially attributable to a slight rise in the Group's effective tax rate from 30.5% in 2013 to 30.9% in 2014.

6.4.11 - Net income

In 2014, consolidated net income was steady from 2013 at €533.3 million, reflecting:

- a €3.5 million decrease in net financial expense;
- a rise in foreign-exchange gains to €3.3 million;

offset by:

- a €1.9 million decline in operating income;
- a €4.9 million rise in income tax.

6.5 - CASH FLOWS AND BORROWING

For information related to the share capital of the Company, investors should refer to Note 11 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2014 and 2013:

	Legrand Year ended December 31	
(in millions of euros)	**2014**	**2013**
Net cash from operating activities	726.4	691.9
Net cash from investing activities*	(220.1)	(263.1)
Net cash from financing activities	(399.4)	(294.7)
Effect of exchange rates changes on cash impact	16.3	(25.6)
Increase (reduction) in cash and cash equivalents	123.2	108.5

* *of which capital expenditure and capitalized development costs* *(125.3)* *(133.0)*

For a full description of cash flows, investors should refer to the consolidated statement of cash flows provided in the consolidated financial statements of the Company.

6.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled €726.4 million at December 31, 2014, compared with €691.9 million at December 31, 2013. This €34.5 million rise was attributable to a €25.6 million decline in working capital requirement and an €8.9 million decrease in cash flow from operations (defined as net cash from operating activities, plus or minus variations in other operating assets and liabilities).

6.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the year ended December 31, 2014 amounted to €220.1 million, compared with €263.1 million for the year ended December 31, 2013. This decrease was primarily due to the lower amount invested in the acquisition of interests in subsidiaries, as well as a decline in capital expenditure and capitalized development costs.

The amount of acquisitions (net of cash acquired) as well as non-controlling interests totaled €129.4 in 2014. It includes €100.7 million for acquisitions of subsidiaries (net of cash acquired), comprised in the net cash from investing activities and €28.7 million for acquisition of non-controlling interests included in the net cash from financing activities.

Capital expenditure and capitalized development costs amounted to €125.3 million for the year ended December 31, 2014 (of which €29.0 million related to capitalized development costs), representing a decline of 5.8% from €133.0 million recorded for the year ended December 31, 2013 (of which €29.1 million related to capitalized development costs).

6.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €399.4 million in 2014, compared with €294.7 million in 2013. This trend is primarily due to an increase in buybacks of treasury shares and in dividends paid by Legrand, as well as a rise in reimbursements of borrowings net of changes in current bank overdrafts, and an increase in the acquisition of interests in subsidiaries without achieving a controlling share.

6.5.2 - Debt

The Group's gross debt (defined as the sum of long-term and short-term borrowings, including bank overdrafts) amounted to €1,584.7 million at December 31, 2014, compared to €1,573.5 million at December 31, 2013. Cash and marketable securities amounted to €729.1 million at December 31, 2014, compared with €605.8 million at December 31, 2013. Total net debt (defined as gross debt, less cash and marketable securities) amounted to €855.6 million at December 31, 2014, compared to €967.7 million at December 31, 2013.

The ratio of net debt to shareholders' equity was 24% at December 31, 2014, compared with 30% at December 31, 2013.

At December 31, 2014, the Group's gross debt consisted of the following:

- €1,100.0 million in bonds issued in February 2010, March 2011 and April 2012;
- €318.9 million in Yankee Bonds;
- €165.8 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 14 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

Cash and cash equivalents (€726.0 million at December 31, 2014 and €602.8 million at December 31, 2013) consist primarily of very short-term bank deposits placed with leading financial institutions.

A description of credit facility contracts is presented in Note 14 and in Note 22.2.5 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.6 - CAPITAL EXPENDITURE

In 2014, capital expenditure and capitalized development expense amounted to €125.3 million or 2.8% of consolidated net sales, compared with €133.0 million and 3.0% in 2013.

Capital expenditure level is the result of continuing initiatives to optimize productivity and capital employed, including systematic application of a "make or buy" approach; the transfer of certain production activities to low-cost, less capital-intensive countries (especially products designed for sale in these countries); internationalization of purchasing; optimization of manufacturing facilities; and outsourcing of production. They also take into account the capitalization of some development costs pursuant to IAS 38.

6.7 - 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 21 to the consolidated financial statements referred to in chapter 9 of this Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

6.8 - CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2014.

		Payments due by period			
At December 31, 2014 *(in millions of euros)*	**Total**	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**
Borrowings	1,572.1	70.0	346.1	435.8	720.2
Capital lease obligations	12.6	1.4	2.7	2.6	5.9
TOTAL CONTRACTUAL OBLIGATIONS	**1,584.7**	**71.4**	**348.8**	**438.4**	**726.1**

6.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2014, approximately 58% 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 2010 through 2014, expressed in euros 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 U.S. dollar)	**Period-end rate**	**Average rate[1]**	**High**	**Low**
2010	0.75	0.76	0.84	0.69
2011	0.77	0.72	0.77	0.67
2012	0.76	0.78	0.83	0.74
2013	0.73	0.75	0.78	0.72
2014	0.82	0.75	0.82	0.72

(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 22.2.2 appended to the consolidated financial statements mentioned in chapter 9 of the present Registration Document for a description of management of exchange risk.

6.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk;
- counterparty risk; and
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All 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 coordinated 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 22 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.11 - SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements:

- intangible assets;
- fair value of financial instruments;
- financial and commodity-market derivatives;
- 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 Note 2 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

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6.12 - NEW IFRS PRONOUNCEMENTS

In 2014, standards and interpretations published by the IASB but not compulsory at December 31, 2014 were as follows:

- IFRIC 21 – Levies;
- IFRS 9 – Financial Instruments; and
- IFRS 15 – Revenue from Contracts with Customers.

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in Note 2 to the consolidated financial statements referred to in chapter 9 of this registration document.

6.13 - TRENDS AND PROSPECTS

Macroeconomic projections currently call for a continued supportive environment in the United States; attractive prospects in new economies, which nonetheless present short-term uncertainties, particularly in Russia; and conditions on our markets in mature Europe which should remain difficult overall in 2015.

Against this backdrop and in an industry with no order book, Legrand, whose sales face a demanding basis for comparison in the first quarter of 2015, is targeting 2015 organic growth in sales of between -3% and +2%[(1)].

The group has also set a 2015 target for adjusted operating margin before acquisitions[(2)] at between 18.8% and 20.1% of sales, which is consistent with its target for organic growth and the ongoing effects of its productivity efforts.

Legrand will also pursue its strategy of value-creating acquisitions.

(1) The low-end of the target includes a marked drop in sales in Russia. Excluding Russia, the 2015 target of organic growth in sales for the group is between -2% and +2%.

(2) At 2014 scope of consolidation.

6.14 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in millions of euros except number of shares, earnings per share and number of employees)	2010	2011	2012	2013	2014
End of period share capital					
Share capital	1,052.6	1,053.6	1,057.5	1,062.4	1,065.4
Number of shares	263,161,346	263,388,995	264,374,875	265,590,517	266,357,615
Earnings					
Net sales	3,890.5	4,250.1	4,466.7	4,460.4	4,499.1
Earnings before tax, depreciation and amortization	838.1	938.5	920.9	935.2	937.2
Income tax	(227.1)	(261.4)	(247.6)	(233.5)	(238.4)
Net income	419.5	479.3	507.0	533.3	533.3
Dividends paid	183.7	231.4	245.0	265.1	279.3
Earnings per share(1)					
Earnings before tax, depreciation and amortization	3.196	3.573	3.496	3.530	3,527
Profit attributable to equity holders of Legrand	1.595	1.822	1.920	2.002	2,001
Dividend per share	0.70	0.88	0.93	1.00	1,05
Personnel					
End of period number of employees	29,422	31,066	33,079	33,272	33,556
Personnel costs	1,018.9	1,092.8	1,155.8	1,143.5	1,170.8

(1) *Earnings per share are computed on the basis of the number of circulating ordinary shares during the period, or 262,274,181 shares in 2010, 262,628,527 shares in 2011, 263,401,182 shares in 2012, 264,932,592 shares in 2013 and 265,703,963 shares in 2014.*

07 CORPORATE GOVERNANCE

7.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance issued in December 2008, together with the recommendations issued in April 2010 and June 2013 **("Code of Corporate Governance")**. This Code of Corporate Governance can be viewed on the Medef website: www.medef.com.

In line with the "comply or explain" principle espoused by the Code of Corporate Governance, any recommendations with which the Company is not in strict compliance are summarily set out and explained in the table below:

Code of Corporate Governance recommendations with which the Company is not strictly compliant	Explanations
Principle that any material transaction outside the scope of the firm's stated strategy shall be subjected to prior approval of the Board of Directors The Code of Corporate Governance states that rules of procedure should specifically state the principle that any material transaction outside the scope of the firm's stated strategy shall be subjected to prior approval of the Board of Directors	The Rules of Procedure of the Board of Directors contain a list of transactions requiring prior authorization by the Board, irrespective of whether or not these transactions fall outside the scope of Company strategy, and define the material threshold applicable to such transactions (€100 million) This approach presents the benefit of encompassing the instance referred to by the Code of Corporate Governance (requirement of prior approval by the Board for transactions outside the scope of strategy) while avoiding the vagueness of the notion of "transactions outside the scope of strategy"
Obligation to acquire a defined quantity of shares The Code of Corporate Governance recommends making the awarding of performance shares to executive Directors conditional upon the purchase of a defined quantity of shares upon the availability of the awarded shares	The Chairman and Chief Executive Officer has already substantially invested in the Company's share capital (0.8% at December 31, 2014) and is subject to the requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties

7.1.1 - Board of Directors

7.1.1.1 MEMBERSHIP OF THE BOARD OF DIRECTORS

Principles

The current Articles of Association of the Company and the Rules of Procedure of the Board of Directors define the following principles:

- **number of Directors:** The Board of Directors has at least three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions (subject to the exception provided by law in the event of a merger);
- **term of office of Directors:** Directors have a four-year term of office. This ends after the Ordinary Shareholders' General Meeting to approve the financial statements from the past year (held the year in which the Director's mandate expires). They may be reappointed for consecutive terms without limit;
- **ownership of Legrand shares:** In the course of his/her term of office, each Director is proposed to gradually acquire a number of shares equivalent to one full year of his/her share of Directors' fees. For calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee(s) to which the relevant Director belongs, the Legrand share price unit value being the average Legrand share price over the previous financial year. The minimum number of shares to be held personally and kept throughout the term of office is set at 500;
- **age limit for Directors:** No one over the age of 70 may be appointed to the Board of Directors if such appointment means that more than a third of Board members will be over this age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the Ordinary General Meeting of the shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached;
- **office of Chairman of the Board of Directors:** The Chairman is appointed by the Board of Directors from among its members. He or she must be a physical person aged under 65 at the time of appointment. When the Chairman has reached this age limit, he/she is considered as having resigned at the end of the Ordinary Shareholders' General Meeting that approved the

financial statements for the past financial year (held in the year this age limit is reached). The Chairman may be reelected. His/her compensation is determined by the Board of Directors.

- **office of Vice-Chairman of the Board of Directors:** The Board of Directors may appoint a Vice-Chairman if necessary. His/her role is to take the place of the Chairman if the latter is prevented from fulfilling his or her duties. The Vice-Chairman is subject to the same age limit as the Chairman;
- **lead Director:** The Board of Directors may appoint a Lead Director. 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 call a meeting of the Board of Directors, or when appropriate, directly call a meeting of the Board of Directors to consider a particular agenda, the importance or urgent nature of which would justify that an extraordinary meeting of the Board o f Directors be held.
- **cooptation:** When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the Ordinary Shareholders' General Meeting thereafter.

Current composition of the Board of Directors

As at the date of this Registration Document, the Board was composed of ten members including the Chairman and Chief Executive Officer, the Honorary Chairman and the Lead Director. These ten Board members include: (i) four women, giving a proportion of 40% in accordance with the provisions of the French Commercial Code (40% with effect from 2017) as from 2013 and the recommendations of the Code of Corporate Governance (40% with effect from 2016), (ii) seven independent Directors, giving a proportion of 70% of independent Directors higher than the minimum ratio of 50% recommended by the Code of Corporate Governance, and (iii) five different nationalities:

Membership of the Board of Directors

Name	Duties	Date of first appointment	Year of the Annual General Meeting during which the term expires
Mr. Gilles Schnepp	Chairman and Chief Executive Officer	12/10/2002	2018
Mr. François Grappotte	Honorary Chairman	12/10/2002	2018
Mr. Olivier Bazil	Director	12/10/2002	2018
Ms. Christel Bories	Independent Director	5/25/2012	2016
Ms. Angeles Garcia-Poveda	Lead Director Independent Director	5/25/2012	2016
Mr. Gérard Lamarche	Independent Director	4/6/2006	2016
Mr. Thierry de La Tour d'Artaise	Independent Director	4/6/2006	2016
Mr. Dongsheng Li	Independent Director	7/26/2012	2018
Ms. Annalisa Loustau Elia	Independent Director	5/24/2013	2017
Ms. Éliane Rouyer-Chevalier(1)	Independent Director	5/26/2011	2015

(1) Director whose term of office is due to expire. Their reappointment for a four-year term will be submitted for approval to the Combined General Shareholders' Meeting on May 29, 2015.

Since 2011, Directors' terms of office have gradually been staggered, as reflected in the following table:

Expiry of term of office	2015 General Shareholders' Meeting	2016 General Shareholders' Meeting	2017 General Shareholders' Meeting	2018 General Shareholders' Meeting
Number of reappointments	1	4	1	4

In addition, on the date of publication of this Registration Document and under the terms of an agreement with the unions, four representatives of the Central Works Council also attend meetings of the Company's Board of Directors in an advisory capacity.

Since the Company has fewer than 50 employees and does not have a Works Council, it does not fulfill all the criteria of Article L. 225-27-1 of the French Commercial Code and therefore has no Director representing employees. In accordance with Article L. 225-27-1 of the French Commercial Code, a Director was appointed to represent employees on the Board of Directors of Legrand France, a subsidiary of the Company, by the Central Works Council at its meeting on October 16, 2014, as this subsidiary fulfills the criteria set forth in that article.

Changes in the composition of the Board of Directors

Changes in the composition of the Board of Directors in 2014

In the course of the 2014 financial year, changes in membership of the Board of Directors were the following:

Date	Departure	Appointment	Reappointment
05/27/2014	Nil.	Nil.	Olivier Bazil François Grappotte Dongsheng Li Gilles Schnepp

Mr. Olivier Bazil, Mr. François Grappotte and Mr. Gilles Schnepp have all been Directors of the Company since 2002 and all have at least 25 years of professional experience with the Legrand Group. They have also all held Directorships or positions on the Supervisory Board of CAC 40 companies other than Legrand. They thus bring to the Board their experience and knowledge of the Group and its business.

The presence of Mr. Dongsheng Li on the Board of Directors since 2012 has enabled the Group to benefit from the experience of one of China's most widely acknowledged senior executives. He provides the Board with the fruits of his practical experience at the head of an industrial company, and with his vision of the economy and markets in emerging countries, while enabling the Board to open out to other cultures.

Directorships due for renewal in 2015

The tenure of Ms. Éliane Rouyer-Chevalier as Director is due to expire in 2015. Ms. Rouyer-Chevalier, a Director of the Company since 2011 and member of the Audit Committee, brings considerable financial and accounting experience to the Company, as well as specific expertise in financial reporting, CSR and corporate governance.

Consequently, the Board of Directors has proposed to the Shareholders' General Meeting called for May 29, 2015 to reappoint Ms. Éliane Rouyer-Chevalier to the Board for a four-year term (see presentation of the agenda and draft resolutions in Appendix 4 of the Company's Registration Document).

Information on members of the Board of Directors

The following table shows a summary of the information pertaining to the Company's Directors, together with their terms of office and other positions held currently or in the last five years:

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
GILLES SCHNEPP - Chairman and Chief Executive Officer of Legrand* (since 2006) Age 56 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Gilles Schnepp graduated from the *École des Hautes Études Commerciales* (HEC). **Professional Background** Gilles Schnepp's career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, Chief Financial Officer in 1996 and Chief Operating Officer in 2000. Gilles Schnepp has been a Director of the Company since 2002, and Chairman of the Board of Directors and Chief Executive Officer since 2006. Gilles Schnepp has also been President of the French Federation of Electric, Electronic and Communication Industries (FIEEC) since June 2013 and Director of Saint-Gobain * (since 2009). Gilles Schnepp holds 2,100,671 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): - Member of the Strategy and Social Responsibility Committee ■ Executive appointments held in various subsidiaries[1] (page 294) **Outside the Legrand Group** ■ Member of the Board of Directors of Saint-Gobain* (since 2009)	**Legrand Group** ■ Mandates in various subsidiaries. **Outside the Legrand Group** ■ Nil.

* *Listed company.*

(1) No compensation in the form of attendance fees or similar is paid or due in respect of executive appointments held in Legrand or in Group subsidiaries.

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
OLIVIER BAZIL - Company Director Age 68 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Olivier Bazil graduated from the *École des Hautes Études Commerciales* (HEC) and holds an MBA (Master of Business Administration) from Harvard Business School. **Professional Background** Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand Group in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011. Olivier Bazil also holds the following positions: Member of the Supervisory Boards of Michelin*, Vallourec* and Société Civile du Château Palmer, Chairman of Fritz SAS, and Director of Firmenich International SA. Olivier Bazil holds 2,009,085 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): - Member of the Nominating and Governance Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (since 2013) ■ Member of the Supervisory Board of Vallourec* (since 2012) ■ Chairman of Fritz SAS (since 2009) ■ Member of the Supervisory Board of Société Civile du Château Palmer (since 2009) ■ Director of Firmenich International SA (since 2008)	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* (until May 2011) ■ Mandates in various Group subsidiaries **Outside the Legrand Group** ■ Nil.
CHRISTEL BORIES - Deputy Chief Executive Officer of Ipsen* (since 2013) Age 50 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Christel Bories graduated from the *École des Hautes Études Commerciales* (HEC). **Professional Background** Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Groupe Pechiney. Following Pechiney's integration into the Alcan Group, Christel Bories was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairman and Chief Executive Officer of Alcan Engineered Products and finally Chief Executive Officer of Constellium (ex Alcan), which she left in December 2011. Christel Bories was appointed Deputy Chief Executive Officer of Ipsen* on February 27, 2013. Ms. Bories also serves on the Board of Directors of Smurfit Kappa*. Christel Bories holds 750 Legrand shares	**Legrand Group** ■ Director of Legrand* (since 2012) - Chairman of the Strategy and Social Responsibility Committee - Member of the Audit Committee **Outside the Legrand Group** ■ Director of Smurfit Kappa* (since 2012)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Director of Natixis* (until May 2014) ■ Director of Cercle de l'Industrie (until May 2013) ■ Chief Executive Officer of Constellium (until December 2011) ■ Director of ATLAS CopCo AB*, Sweden (until 2011) ■ Chairman and Chief Executive Officer of Alcan Engineered Products (until December 2010) ■ Chairman of the European Aluminium Association (EAA) (until 2010)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
ANGELES GARCIA-POVEDA - Managing Director of Spencer Stuart in France (since 2010) Age 44 A Spanish national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Angeles Garcia-Poveda graduated from ICADE in Madrid. She also attended the Business Case Study Program at Harvard University. **Professional Background** Before joining Spencer Stuart in 2008, Angeles Garcia-Poveda spent 14 years with The Boston Consulting Group (BCG). She worked as a consultant at BCG in Madrid and Paris from 1993 to 1997 before taking different recruiting roles at local and international level. As BCG global recruiting manager, she has worked on cross-border recruiting projects. Angeles Garcia-Poveda is currently the Managing Director of Spencer Stuart in France and a member of the European leadership team. She recruits and assesses managers and Directors in the fields of Consumer Goods, Private Equity and Professional Services. Angeles Garcia-Poveda holds 900 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012): - Lead Director - Chairman of the Compensation Committee - Chairman of the Nominating and Governance Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Nil.	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.
FRANÇOIS GRAPPOTTE - Companies Director Age 78 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** François Grappotte is a graduate of the Institut d'*Études Politiques de Paris* and former student of the *École Nationale d'Administration* (ENA); he also holds a law degree and graduate degrees in political economy and economic and financial sciences from the Faculty of Law in Paris. **Professional Background** François Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until 2006. François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the Banque de France. François Grappotte holds 1,616,000 Legrand shares	**Legrand Group** ■ Director and Honorary Chairman of the Legrand* Board of Directors (since 2002) **Outside the Legrand Group** ■ Nil.	**Legrand Group** ■ Director and Honorary Chairman of the Board of Directors of Legrand France (Chairman of the Board of Directors and Chief Executive Officer of Legrand until the beginning of 2006) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (until May 2013) ■ Director of BNP Paribas* (until May 2011)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
GERARD LAMARCHE - Managing Director of the Bruxelles Lambert Group* (GBL) (since January 2012) Age 53 A Belgian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Gérard Lamarche holds a degree in Economics from the University of Louvain-la-Neuve and Management Institute of the INSEAD (Advanced Management Program for Suez Group Executives). He also took part in Wharton International Forum training in 1998-1999 (Global Leadership Series). **Professional Background** Gérard Lamarche began his career in 1983 at Deloitte Haskins & Sells in Belgium, and subsequently worked as an M&A consultant in the Netherlands in 1987. In 1988, Gérard Lamarche joined Société Générale in Belgium as an investment manager. He then worked as a management controller from 1989 to 1991, and advised on strategic operations from 1992 to 1995. Gérard Lamarche joined *Compagnie Financière de Suez* as *Chargé de mission* with the Chairman and Secretary of the Executive Committee (1995-1997), before being appointed Deputy Manager in charge of Planning, Control and Accounting. In 2000, Gérard Lamarche's career took an industrial turn, and he joined NALCO (US subsidiary of the Suez Group – a world leader in industrial water processing) as Director and Managing Director. In March 2004, he was appointed Chief Financial Officer of the Suez Group. Gérard Lamarche was appointed to the Board of Directors of the Bruxelles Lambert Group* (GBL) in April 2011. He has held the post of Managing Director since January 2012. Gérard Lamarche also holds the following positions: Director of Lafarge*, Total* and SGS *, and observer member of the Board of Directors of GDF Suez. Gerard Lamarche holds 4,000 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2006): - Chairman of the Audit Committee - Member of the Compensation Committee **Outside the Legrand Group** ■ Director of SGS* (Switzerland) (since 2013) ■ Director of Total* (since 2012) ■ Director of Lafarge* (since 2012) ■ Observer of GDF Suez* (since 2012) ■ Director of the Bruxelles Lambert Group* (Belgium) (since 2011)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Director of Electrabel (until December 2011) ■ Director of Suez Environnement Company (until December 2011) ■ Director of International Power Plc (until December 2011) ■ Director of Europalia (until October 2011) ■ Director of GDF Suez Belgium (until October 2011) ■ Director of Aguas de Barcelona (until June 2011) ■ Director of GDF Suez ES (until June 2011) ■ Director of Suez-Tractebel (until January 2011) ■ Director of Fortis Banque (until July 2010) ■ Director of Suez Environment North America (until December 2009) ■ Director of Leo Holding Company (until May 2009)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
THIERRY DE LA TOUR D'ARTAISE - Chairman of the Board of Directors and Chief Executive Officer of SEB SA* (since 2000) Age 60 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Thierry de La Tour d'Artaise is a graduate of the ESCP business school and a chartered accountant. **Professional Background** Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris, where he held the position of Audit Manager. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85), and finally as Chief Executive Officer of Croisières Paquet (1986-93). Thierry de La Tour d'Artaise became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and Chief Executive Officer of the Group, becoming Chairman and Chief Executive Officer in 2000. Thierry De La Tour d'Artaise holds 1,250 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2006): - Member of the Nominating and Governance Committee **Outside the Legrand Group** ■ SEB: - Director of Zhejiang SUPOR* (China) (since 2008) - Chairman of SEB Internationale (SAS) (since 2000) ■ Other: - Director of Club Méditerranée* (since 2005) - Permanent representative of Sofinaction, Director of La Lyonnaise de Banque (since 2001)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Director of Plastic Omnium* (until October 2012)
DONGSHENG LI - Chairman and Chief Executive Officer and founder of TCL Corporation* Age 57 A Chinese national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** In 1982, Dongsheng Li graduated from the Department of Radio Technology at South China University. **Professional Background** As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress. Dongsheng Li holds several prestigious positions, including: Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce. In China, Dongsheng Li was named "Man of the year in the Chinese Economy" in 2002 and 2004. In 2009, Dongsheng Li was awarded "Economic Leader of the Decade" by the Chinese business channel CCTV. In the international arena, in 2004, Dongsheng Li was selected as "Asia Businessman of the Year" by Fortune Magazine and one of the "Top 25 Global Business Leaders" by Time Magazine and CNN. Moreover, Dongsheng Li received the Officier de la Légion d'Honneur (French national honor) from President Jacques Chirac in the same year. In 2013, Dongsheng Li was deservedly selected as one of the "2013 Best Chief Executive Officers of Listed Companies in China" by Forbes magazine. Dongsheng Li also holds the following positions: Chairman of Hong Kong listed companies TCL Multimedia Technology Holdings Limited* and TCL Communication Technology Holdings Limited*, as well as being an Independent Director of Tencent*. Dongsheng Li holds 1,000 Legrand shares	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ TCL: - Chairman of TCL Multimedia Technology Holdings Ltd* (since 2007) - Chairman of TCL Communication Technology Holdings Limited* (since 2004) ■ Other: - Director of Tencent* (since 2004)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.

* Listed company.

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Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
ANNALISA LOUSTAU ELIA - Chief Marketing Officer of Printemps and member of its Executive Committee (since 2008). Age 49 A Italian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Annalisa Loustau Elia graduated in law from La Sapienza University in Rome. **Professional Background** Annalisa Loustau Elia worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Product Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the Paris and Rome offices. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury, retail and consumer goods sectors. Annalisa Loustau Elia is Chief Marketing Officer of Printemps and has been a member of its Executive Committee since 2008. Annalisa Loustau Elia holds 750 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand * (since 2013): - Member of the Compensation Committee **Outside the Legrand Group** ■ Nil.	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.
ÉLIANE ROUYER-CHEVALIER - Company Director Age 62 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Éliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. **Professional Background** Éliane Rouyer-Chevalier joined Accor in 1983, taking responsibility for international financing and cash currency management before becoming Director of Investor Relations and Financial Communication in 1992. From 2010 to 2012, she was a member of the Executive Committee of Edenred, a company created when the Accor Group was split up, as Vice President, Corporate and Financial Communications & Social Responsibility. She has been President of ERC Consulting since 2013. Éliane Rouyer-Chevalier chaired the French Association for Investor Relations (CLIFF) from 2004 to 2014 and is Vice-President of the Observatoire de la Communication Financière. She has been a Director of the French Institute of Tourism since 2013 and of the Federation of Individual Investors and Investment Clubs (F2IC) since 2014. She is a Director and member of the Advisory board of Yump, an organization which supports young individuals from the suburbs in starting their own business. Éliane Rouyer-Chevalier holds 1,350 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2011): - Member of the Audit Committee **Outside the Legrand Group** ■ Chairman of ERC Consulting (since 2013) **Outside the Legrand Group- outside companies** ■ Vice-President of the *Observatoire de la Communication Financière* ■ Director of the French Institute of Tourism (since 2013) ■ Director of the F2IC (since 2014) ■ Director and member of the Advisory board of Yump	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred* (until 2012)

* *Listed company.*

Absence of convictions or conflicts of interest

On the date this Registration Document was filed and as far as the Company is aware, none of the Company Directors:

- have family links with other Company Directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies);
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal regulations. This Directors' Charter sets forth the rights and obligations of the Directors and is binding upon each Director.

Pursuant to the provisions of the Directors' Charter, Directors undertake (i) to apprise the Lead Director and the Board of any actual or potential conflict of interest, to abstain from related discussions and votes and (ii) to avoid any personal engagement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent.

In addition, the Rules of Procedure of the Board of Directors state that the Lead Director of the Company is responsible for preventing conflicts of interest from arising by conducting awareness-raising initiatives on the existence of factors likely to lead to such situations. 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.

No actual or potential conflict of interest was reported to the Lead Director or to the Board of Directors. As far as the Company is aware, there is no conflict of interest.

Furthermore, the Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Governance Committee * of any intention to take on another Directorship, and must ask the Board for its opinion before accepting any new Directorship in a listed company.

Independent Directors

Definition of Independent Director and applicable criteria

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

The Rules of Procedure of the Company's Board of Directors lists the independence criteria, which include, in particular, the criteria set forth by the Code of Corporate Governance. Therefore, under the Board of Directors' internal rules, an independent Director must not:

- be an employee or executive Director of the Company or Group, be an employee or Director of a shareholder with control, either alone or in concert, over the Company within the meaning of Article L. 233-3 of the French Commercial Code, or of a company that it consolidates, or have been in such a position at any time in the five previous years;
- be an executive Director of any company in which the Company holds, either directly or indirectly, a Directorship or in which a Company employee or an executive Director, or a person who has been in this position in the course of the five previous years, holds a Directorship;
- be a customer, supplier, investment banker or commercial banker:
  - of importance for the Company or its Group,
  - or deriving a significant portion of business from the Company or its Group.

  The evaluation of how significant the relationship is with the Company or its Group must be debated by the Board of Directors and the criteria that lead to the evaluation must be explicitly stated in the registration document;
- have any close family relationship with a manager 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 manager of the Company or a Group company in the course of the five previous years;
- have been a Director of the Company in the course of the twelve previous years;
- receive, or have received from the Company, significant amounts of compensation in addition to Directors' fees, including, but not limited to, participation in any stock-option plan or other performance-related compensation plan.

Although he or she may be an executive Director, the Chairman of the Board may be considered independent if the company can justify this based on the criteria set out above.

Directors representing shareholders with significant direct or indirect equity interests in the Company may be considered independent if these shareholders do not control the Company within the meaning of Article L. 233-3 of the French Commercial Code. 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, having received a report from the Nominating and Governance Committee(1), must systematically review his or her status as an independent Director, with due regard for the structure of the Company share ownership and potential for conflicts of interest.

Procedure for the review of the status of independent Directors

Pursuant to the Rules of Procedure of the Company's Board of Directors, Director independence is reviewed each year by the Nominating and Governance Committee(1), which prepares a report on this subject for the Board of Directors. Then, each Director's position with respect to the independence criteria defined above is examined by the Company's Board, using the Nominating and Compensation Committee's independence report as a reference. The Board of Directors presents its findings on the independence of Directors to the Company's shareholders in the annual report.

(1) As explained in sections 7.1.2 and 7.1.3 hereafter, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

Conclusions of the review by the Nominating and Governance Committee[(1)] and the Board on the criterion of business dealings between the Company and its Directors

During the annual review of the independence of Directors, the Nominating and Governance Committee and then the Board of Directors at its meetings of March 5 2014 and March 18, 2015, tested the materiality of business dealings between the Company and its Directors. These tests were designed to verify the amounts of transactions between the Company and each of its Directors or the companies with which they are associated (as a client, supplier or banker), ensuring that these amounts are non-material, particularly for the Company and the Group.

The tests showed that none of the Directors had business dealings with the Company, except for Mr. Dongsheng Li. Effectively, a brand licensing agreement exists between two Chinese subsidiaries of the Company and TCL (following the acquisition by the Company of two TCL Group companies in 2005 and 2008). In 2014, royalties from trademarks received under this contract accounted for less than 0.05% of Legrand revenue and less than 0.03% of TCL revenue. The Nominating and Governance Committee and the Board of Directors, in view of the market practices analyzed by an outside firm, considered these financial issues to be non-material.

Findings of the review conducted by the Nominating and Governance Committee[(1)] and Board concerning other independence criteria

At their meetings on March 5, 2014 and March 18, 2015, the Nominating and Governance Committee[(1)] and the Board of Directors reiterated their view that Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li could be classified as independent.

The conclusions reached by the Nominating and Governance Committee and the Board of Directors are based on an examination of the individual situation of each Director in view of the independence criteria, as summarized in the table below:

	Non-independent Directors			Independent Directors						
Reviewed criteria	Gilles Schnepp	Olivier Bazil	François Grappotte	Christel Bories	Angeles Garcia-Poveda	Gérard Lamarche	Thierry de La Tour d'Artaise	Dongsheng Li	Annalisa Loustau Elia	Éliane Rouyer-Chevalier
No employee or corporate officer status during the previous 5 years	X	X	✓	✓	✓	✓	✓	✓	✓	✓
No cross-Directorships	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
No significant business relations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No close family relationship with a company executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No statutory auditor relationships during the previous 5 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No status as Director of the company for more than 12 years	X	X	X	✓	✓	✓	✓	✓	✓	✓
No receipt of any significant additional compensation apart from Directors' fees	X	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ = independence criterion met.

X = independence criterion not met.

The proportion of independent Directors on the Company's Board of Directors thus stands at 70%, higher than the minimum ratio of 50% recommended by the Code of Corporate Governance for non-controlled companies.

(1) As explained in sections 7.1.2 and 7.1.3 hereafter, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee. Since then, the Nominating and Governance Committee has been in charge of the annual review of each director's position with regard to the independence criteria set out in the Board's Rules of Procedure. Although in 2015 the independence criteria review was performed by the Nominating and Compensation Committee, it has been attributed to the Nominating and Governance Committee in the interests of simplification.

With respect to the specialized Committees:

- the Audit Committee has three members, all of whom are independent, therefore the percentage of independent Directors is 100%. This is consistent with the Code of Corporate Governance, which recommends that at least ⅔ of the Committee's members should be independent Directors;
- the Nominating and Governance Committee[1] has three members, two of whom are independent, therefore two-thirds of its members are independent Directors. This is in line with the Code of Corporate Governance, which recommends that the majority of the Committee's members should be independent Directors;
- the Compensation Committee has three members, all of whom are independent, therefore the percentage of independent Directors is 100%. This is in line with the Code of Corporate Governance, which recommends that the majority of the Committee's members should be independent Directors;
- the Strategy and Social Responsibility Committee has four members, two of whom are independent, therefore the percentage of independent Directors is 50%.

Diversity of membership of the Board of Directors

Of the ten members of the Board of Directors, it should be noted that there are:

- **Four women,** representing a proportion of 40% of the Board; since 2013 this has been in line with the provisions of the French Commercial Code (40% from 2017) and the recommendations of the Corporate Governance Code (40% from 2016);
- **Five different nationalities,** with one Belgian Director, one Chinese Director, one Spanish Director, one Italian Director and six French Directors; and
- **Seven independent Directors,** representing a proportion of 70% of the Board, higher than the minimum ratio of 50% advocated by the Corporate Governance Code.

Each year, the Board of Directors examines its own composition and that of the specialized committees to ensure that the balance of members is correct. It is constantly looking to improve the gender balance, the international dimension, the skills diversity and the independence of its members, so that it can assure shareholders and the market that it acts with the necessary independence and objectivity.

In terms of gender balance, the Board welcomed the fact that the proportion of women on the Board increased between December 31, 2012 and May 24, 2013, from 25% to 40%. The Board also looked favorably on the significant efforts made in recent years to become more international.

The Board of Directors considers Directors' skills to be varied and complementary, with some Directors having strategic skills suited to the general management of industrial groups, while others have financial or more specific competencies, such as investor communications, talent management, marketing or Corporate Social Responsibility. Also, the participation on the Board of Directors of past and current representatives of Legrand's management ensures the Board enjoys a good level of knowledge of the Group and its workings.

Given all these factors, the Board considered its current composition to be satisfactory with regard to the diversity criteria examined. Nevertheless, it will continue to give careful consideration to any areas of improvement that could be useful for the development and dynamic growth of the business.

At the 11th Corporate Governance Awards held by AGEFI, a financial publication, on September 24, 2014, Legrand was awarded the Silver Governance Award for the Composition of the Board of Directors. The award was given in recognition of the various criteria of Legrand's Board of Directors, such as the percentage of women and foreign nationals, detailed information on Board members, their term of office and their independence. At the same event, Legrand also received the 2014 Corporate Governance Award and the Gold Corporate Governance Award for Dynamic Governance.

7.1.1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

The Company's Board of Directors has adopted, pursuant to the Articles of Association, internal rules designed to establish, within the framework of current legal and regulatory provisions and the Articles of Association, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors. The Board of Directors' internal rules, which include a Directors' Charter, are regularly updated and can be viewed on the Company's website: *www.legrand.com.*

The main rules relating to the organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

Missions and duties of the Board of Directors and of its Chairman

The Board of Directors determines the directions to be taken in the business of the Company and ensures proper implementation of related decisions. Subject to the powers expressly attributed to General Meetings of shareholders and to the limitation of the corporate object, it concerns itself with all matters relating to the proper operation of the Company and settles related issues by its decisions.

The Board of Directors rules on how the Company is managed.

(1) As explained in sections 7.1.2 and 7.1.3 hereafter, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

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The Board of Directors is authorized to allow the Chairman to issue special pledges on the issuing of bonds.

The Board of Directors may decide to set up specialized Committees to consider matters submitted to them by the Board of Directors or its Chairman. It sets the composition and powers of its Committees which shall carry out their duties under its responsibility and without prejudice to the powers of the Board itself; these can never be delegated to the Committees.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

In consequence, it is in particular the duty of the Board:

- to consider and approve all decisions relating to significant strategic, economic, social, financial and technological issues for the Company and the Legrand Group (the "Group") and ensure that management puts them into effect;
- concerning the matters itemized below, to make related proposals to shareholders where they are subject to approval at Shareholders' General Meetings or to grant prior authorization to the Chief Executive Officer (or the Chairman, as the case may be) for their finalization and implementation where they are matters for general management:
  - delegation of powers or competence for purposes relating to the issue or purchase of shares or other securities providing access to equity,
  - subscription to, or agreement for, any loan, whether in the form of bonds or of any other kind, or any early voluntary repayment of loans, advances or borrowings for an amount exceeding €100 million,
  - the establishment of joint venture(s) or the acquisition of any business(es) for an amount exceeding €100 million; the acquisition of any equity interest or business, or the execution of any joint-venture agreement where the amount involved exceeds €100 million,
  - the sale or transfer of any business or businesses, asset or assets for an amount exceeding €100 million; the sale of any equity interest or business involving an amount exceeding €100 million,
  - the annual budget (including, but not limited to, capital expenditure),
  - the selection, replacement or removal of any or all of the statutory auditors,
  - merger transactions or proposals concerning the Company or, more generally, any transaction resulting in the transfer or sale of all, or a substantial portion of, its assets,
  - any transaction leading to an increase or decrease in the Company's equity capital, including, as may be the case, through the issue of securities providing access to the Company's equity capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for grant of free shares or stock options in the ordinary course of business of the Company),
  - any creation of double voting rights or any other change to the voting rights attached to Company shares,
  - changes to governance, including but not limited to, any change in the rules of governance applying within the Company, in particular the rules governing the membership and operation of the Board of Directors and, more generally, any change to these internal regulations in accordance with what is set forth below,
  - any proposal for the appointment of new members to the Board of Directors,
  - the listing of any financial instrument issued by the Company on a regulated market other than Eurolist by Euronext,
  - bankruptcy filings, appointment of an *ad hoc* authorized agent, liquidation, etc., any voluntary dissolution or agreed liquidation of the Company, and any decision that may result in the initiation of insolvency proceedings or the appointment of an *ad hoc* authorized agent,
  - any proposal for a decision entailing amendment of the Company's Articles of Association,
  - in the event of disputes, the conclusion of any agreements, settlements or arrangements, or acceptance of any compromise, where the amount concerned exceeds €100 million,
  - the grant of any surety on Company assets if the obligation for which surety is given or the assets pledged represents an amount in excess of €100 million;
- to examine and approve the reports on the activities of the Board of Directors and its Committees to be included in the annual report;
- to examine and approve, at the proposal of the Nominating and Governance Committee(1), the presentation of Directors to be included in the annual report, in particular the list of independent Directors, setting out the criteria applied;
- to co-opt Directors where necessary, and present proposals for the reelection of Directors to the Ordinary General Meeting of Shareholders;
- to determine, at the proposal of the Compensation Committee(1), the compensation due to executive Directors and to apportion Directors' fees;
- to deliberate on stock option and free share plans and all other share-based payments or compensation indexed on or otherwise linked to shares, on the proposal of the Compensation Committee;
- to ensure the quality of information provided to shareholders and financial markets, in the financial statements or during major transactions;

(1) As explained in sections 7.1.2 and 7.1.3 hereafter, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

- to approve the management report, together with the sections of the annual report illustrating corporate governance and describing remuneration policy;
- to review any issues relating to the efficient operations of the Company or the Group.

The Board of Directors alone has the power to amend its internal rules.

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the Shareholders' General Meeting. He/she monitors the proper operation of the bodies of the Company and ensures, in particular, that the members of the Board are in a position to exercise their duties.

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are called to Board meetings by the Chairman, or, in the event of unavailability of the Chairman by the Vice-Chairman, if any.

The Lead Director, if necessary, may also (i) ask the Chairman to call a meeting of the Board of Directors or, (ii) directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justify holding an extraordinary meeting of the Board.

The Chief Executive Officer may also ask the Chairman to call a Board meeting on a specific matter. When the Board of Directors has not met for over two months, at least one-third of the members of the Board of Directors may call on the Chairman to convene the Board of Directors on a specific agenda.

The Chairman is bound by the requests made to him/her under the previous paragraph.

Subject to the above, the agenda is decided by the Chairman and can only be set, if required, at the time of the meeting.

Notices are issued by any means, even verbally, at the registered office or in any other place indicated in the meeting notice, in France or abroad. The internal rules of the Company's Board of Directors state that meeting notices, which can be sent by the secretary of the Board of Directors, can be issued by letter, telex, telegram, fax, e-mail or verbally.

Where the notices of meeting so stipulate, Board meetings may be held by videoconference or teleconference, provided that these transmit at least the voices of participants and meet the technical requirements for the continuous and simultaneous relay of deliberations. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraph.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman shall strive to issue meeting notices five days prior to the actual meeting. He/she shall also strive to take account of the agenda constraints of the Board members so as to ensure the presence of as many members as possible at each meeting.

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote. The Board may appoint a secretary who can be chosen from outside the shareholders and members.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (*e.g.*, by telecommunication or teletransmission), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each Director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any technical incident that disrupted proceedings during a videoconference or teleconference;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating Directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors

At least once a year, an item on the agenda is devoted to reviewing the operations of the Board of Directors. This is relayed in the Company's annual report so that shareholders can be informed each year of the assessment carried out and, if applicable, any steps taken as a result (see section 7.1.1.3).

The assessment of the Board's operations is supervised by the Lead Director.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with the documents necessary to consider items on Board meeting agendas, at least five days prior to the meetings.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

Directors receive all relevant information on significant events or transactions for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, even outside the presence of executive Directors. In the latter case, these should be given prior notice.

Directors' training

Each Director may be provided, at the time of their appointment and throughout their term of office, with training relating to the specific features of the Company, its businesses and the sector it operates in.

New Directors are provided with an induction program aimed at facilitating their integration and assumption of their new duties. The induction program includes site guided tours and meetings with Group management.

Taking the most recent appointment to the Board as an example, visits, presentations and meetings were organized after Ms. Annalisa Loustau Elia was appointed as a Director by the Shareholders' General Meeting of May 24, 2013, to familiarize Ms. Loustau Elia with her duties on the Board. In the course of this induction program, Ms. Annalisa Loustau Elia visited the Customer Training Center Innoval, as well as the *My Home* Apartment and the Wellness House, both of which showcase the technologies marketed by Legrand in its home systems. She was also given a presentation of several production sites and product testing laboratories, and meetings were organized with several senior executives and operational management staff at Legrand.

Moreover, Audit Committee members are provided, at the time of their appointment, with information relating to the Company's specific accounting, financial and operational features.

The Board rules also stipulate that, if appointed, Directors representing employees or employee shareholders shall receive appropriate training on the requirements of their role.

Deontology for Directors

In accordance with the Directors' Charter, before taking up their post, all Directors must ensure that they are properly apprised of their general and particular duties, particularly where these result from legislation and regulation, Company articles, Board internal regulations and the Charter, as well as from any other legally binding document:

- Directors must be competent, active and committed;
- Directors must act at all times in the corporate interest of the business. They undertake to promote and defend the Company's values;
- Directors are to devote the necessary time and attention to their tasks.

  In this regard, they undertake to:

  - not hold more than four other Directorships in listed companies, including foreign companies, not affiliated with the Group; an executive Director may not hold more than two other Directorships in listed companies, including foreign companies, not affiliated with the Group. However, the limit of two other directorships applicable to the executive directors does not apply to directorships held by an executive director in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings,
  - keep the Board of Directors informed of Directorships held in other companies, including participation on the Board Committees of these companies, both in France and abroad; an executive Director must seek the opinion of the Board of Directors before accepting a new Directorship in a listed company,
  - be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to;
- in the interest of transparency, the annual report includes a report on Directors' attendance at meetings of the Board of Directors and its Committees;
- Directors shall make every effort to attend Shareholders' General Meetings;
- In the course of his/her term of office, each Director is proposed to gradually acquire a number of shares equivalent to one full year of his/her share of Directors' fees. For

calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee(s) to which the relevant Director belongs, the Legrand share price unit value being the average Legrand share price over the previous financial year. The minimum number of shares to be held personally and kept throughout the term of office is set at 500;

- Directors have a duty of loyalty and diligence.

  In this regard, they undertake to:

  - apprise the Lead Director and the Board of any actual or potential conflict of interest, and abstain from the related discussions and votes,
  - avoid any personal involvement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent;
- Directors are subject to a duty of confidentiality concerning any unpublished information they obtain as a result of their position;
- Directors shall make sure they receive in time all documents and information necessary for the performance of their duties. It is their responsibility to ask the Chairman to supply all documents they consider necessary for their proper information;
- Directors who consider the information supplied inadequate may request additional information from the Chairman or the Board of Directors;
- Directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in;
- Directors are to comply with the provisions of the Company's Code of Conduct with respect to trading and market activities.

Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct with respect to trading and market activities, which can be viewed on the Company's website *www.legrand.com* and which was reviewed (i) in the first six months of 2011 to take into account AMF Recommendation No. 2010-07 of November 3, 2010 on the prevention of insider misconduct by executives of listed companies and (ii) in the second six months of 2012 to indicate that the Group's Chief Financial Officer is in charge of ethics and is responsible for ensuring compliance with the Code of Conduct.

This Code, adopted by the Board of Directors on June 2, 2006, applies to Company officers, similar persons, insiders and occasional insiders and aims at defining the rules governing dealings in the Company's shares.

Under this Code, Company officers, similar persons and persons associated with them are obliged, within a period of five stock exchange sessions following its completion, to make a declaration to the French Financial Markets Authority (*Autorité des marchés financiers*) of any transaction they enter into in relation to the Legrand shares.

In addition, Executive Directors and persons with access to inside information are prohibited from effecting, directly or indirectly, whether on their own behalf or on behalf of others, transactions in Legrand shares (i) as a minimum, during the 30 days preceding publication of annual, half-yearly and quarterly financial statements, and the two stock market trading days following their publication, and (ii) where they are apprised of a project liable to constitute inside information, throughout the period from the date a meeting of the Board of Directors is called to consider this project and the date of its official public announcement by Legrand.

Company officers, permanent insiders and similar persons may seek the opinion of the Chief Financial Officer before executing a transaction in Legrand securities. The Chief Financial Officer may only give an advisory opinion: the decision on whether or not to execute the transaction is the sole responsibility of the person who requested the opinion.

7.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2014

In 2014, the Board met six times. Directors' attendance at Board meetings was satisfactory; the attendance rate in 2014 was over 88%.

According to the Board's rules of procedure, some of its deliberations may be prepared by specialized committees, enabling the Board to discharge its duties under optimum conditions. The work of these committees is the subject of a detailed report at the meeting of the Board of Directors.

In 2014, the average meeting attendance rate for the various specialized committees was 98%. Information on these specialized committees can be found in section 7.1.3 of the Company's Registration Document.

Topics covered in 2014 by the Board of Directors

The Board met to consider the following agenda:

- Company results:
  - report on the Audit Committee's work, as set out in Section 7.1.3.3 below;
  - approval of the consolidated and company financial statements for the year ended December 31, 2013 and the related reports, the consolidated quarterly financial statements to March 31, 2014, the half-yearly consolidated financial statements and management report to June 30, 2014, and the consolidated quarterly financial statements to September 30, 2014;

- 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;
- presentation of forecast financial statements for 2014;

■ Corporate Governance:

- report on the work of the Nominating and Compensation Committee, as set out in Section 7.1.3.3 below;
- qualification of independent Directors;
- review of the composition of the Board of Directors in view of the reappointment of four Directors and scrutiny of the combined role of Chairman and Chief Executive Officer;
- definition of diversity targets for the Board of Directors' membership;
- reelection of the Chairman and Chief Executive Officer;
- self-evaluation of the performance of the Board of Directors and its Committees (summary and proposals);
- amendments to the Board's rules of procedure following the enlargement of the role of the Strategic Committee and Audit Committee to include the issues of Corporate Social Responsibility; change in name of the Strategic Committee to the Strategy and Social Responsibility Committee;
- review of regulated agreements and commitments;

■ Compensation:

- report on the work of the Nominating and Compensation Committee, as set out in Section 7.1.3.3 below;
- executive Director compensation:
  - change in the overall compensation structure,
  - examination of compensation for 2013,
  - determination of the principles of compensation for 2014,
- long-term incentive plans:
  - examination of the achievement of performance conditions tied to performance shares allocated to the Executive Director in 2012,
  - setting-up of a long-term incentive scheme in respect of 2014,
  - determination of rules applicable to the 2015 long term incentive scheme,
  - determination of terms of coverage of the performance share and share subscription or purchase plans, where the vesting period expires in 2014 or 2015;
- attendance fees:
  - amounts distributed in 2013;
  - introduction of new allocation criteria for attendance fees from 2014;

■ Financial management of the Company:

- financing of the Company and the Group;
- annual renewal of authorizations for refinancing;
- renewal of annual powers granted to the Chairman for guarantee, endorsements and security;
- delegation of powers to the Board of Directors to be proposed to the Shareholders' General Meeting;
- implementation of the delegations approved under the tenth and eleventh resolutions of the Combined Ordinary and Extraordinary Shareholders' General Meeting of May 27, 2014;

■ Company strategy and growth:

- report on the work of the Strategy and Social Responsibility Committee, as set out in section 7.1.3.3 below;
- approval of acquisition projects involving an amount in excess of €100 million;
- regular progress reports on proposed acquisition projects;
- presentations, for example at the Annual Seminar of the Board of Directors, on strategic issues such as Legrand's potential for growth and development;

■ Preparation for the Annual Shareholders' General Meeting:

- convening of the annual Combined Ordinary and Extraordinary Shareholders' General Meeting (setting of the agenda and approval of proposed resolutions);
- production of reports for the Shareholders' General Meeting.

■ Other:

- acknowledgement of the capital increase following the exercise of options;
- application of Article 8 of Law No. 2013-504 of June 14, 2013 on job security (strategic guidelines);
- compliance: Presentation and review of the procedures in place within the Group;
- presentation of the Legrand Foundation;
- functional demonstration of the Company Directors' site;
- review and approval of the press release to be published on the minutes of the Combined Ordinary and Extraordinary Shareholders' General Meeting of May 27, 2014 and implementation within the Group of the new CSR roadmap for the period 2014-2018.

Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors

Since 2007, a formal assessment of the Board of Directors and its specialized Committees has been performed every year in order to measure, as required by the Code of Corporate Governance, (i) the methods of operation of the Board and its specialized Committees, (ii) the quality of preparation and debate regarding significant matters, and (iii) the effective contribution of each Director to the work of the Board, and his/her involvement in deliberations. In compliance with its Rules of Procedure, the work of the Board of Directors is reviewed and assessed at least once a year. This is a separate point on the agenda of the meeting concerned, and is reported on in the Company's annual report.

A self-evaluation was carried out in 2014 for the 2013 financial year, using a questionnaire issued to Directors, with the possibility of scheduling individual meetings with the Lead Director.

The following items were highlighted during the self-evaluation:

First, the Directors observed that 2013 had been a particularly rich year; the Board and its specialized committees met regularly and held numerous individual meetings. Although not actually present, the management facilitated discussions between non-executive Directors, as well as between Legrand's Directors and operational managers, and between its Directors and various stakeholders, including the Statutory Auditors. At the same time, the Directors facilitated discussions between Legrand's operational managers and the operational managers of other companies; they also attended strategic meetings to examine potential acquisitions.

Various events were organized for Directors in 2013. For example, a whole day was set aside on March 6, 2013 for the Board of Directors' Seminar, held in Limoges. Mr. Dongsheng Li attended an induction program in Paris on May 24, 2013. The induction program for Ms. Annalisa Loustau Elia took place in Limoges, on July 3, 2013. For the first time, a Directors' dinner was held after the Shareholders' General Meeting on May 24, 2013.

Various presentations were made to the Board in response to Directors' requests for information. These covered a range of topics, such as: the Company's shareholding structure; summary of roadshows following the publication of the annual results; competition and markets by product family; strategy for key countries; growth in market share; art and design, industrial strategy; R&D trends; industry trends; sustainability and policy on gender equality and equal pay; risk mapping, etc.

In short, the self-evaluation for 2013 revealed the overall satisfaction of Directors, particularly regarding: (i) the quality of the work and output of the three specialized committees; (ii) the nature of the information provided as part of the review and approval of the Group financial statements and management report and executive compensation policy; (iii) the organization of meetings – Directors particularly liked the comprehensive documentation sent with the notice of meeting, the frequency of meetings and their material organization; (iv) the composition of the Board, particularly regarding the proportion of independent Directors; (v) the quality of interaction with Legrand employees.

In 2014, the suggestions made by Directors – and the response from management – aimed at furthering the process of continuous improvement of the Board and its operation were as follows:

- **Fostering interaction between Directors, particularly through the organization of dedicated events:** in response, it was decided that some events that took place in 2013 would become a permanent fixture; such as the Board of Directors' seminar and the annual meeting of non-executive Directors without management being present, under the auspices of the Lead Director.
- **Improving Directors' understanding of the Group and developing their knowledge of Legrand's history and business activities:** to achieve this, it was proposed that Directors continue to initiate individual meetings and discussions with Legrand's operational managers.
- **Obtaining additional information on the Group's medium/long-term strategy and on the market and competition:** in this context, Directors noted that the Board of Directors' Seminar was the ideal opportunity for strategic discussions with operational managers. In addition, with the help of the Strategy and Social Responsibility Committee, Directors have regularly been given brief and full-length presentations on acquisition targets.
- **Revaluation of the overall budget for attendance fees:** after the relevant committees examined this issue, a resolution to this effect was submitted to the Shareholders' General Meeting on May 27, 2014, which agreed to increase the total attendance fee budget from €600,000 to €800,000.

Directors are conscious that the Board and its specialized committees must achieve and maintain the right balance of members. Please see the section entitled "Diversity in the composition of the Board of Directors" in the Registration Document for more details of their conclusions on this matter.

7.1.2 - Lead Director

The Board of Directors, following its scrutiny of corporate governance at Legrand, decided to amend its Rules of Procedure 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 French Financial Markets Authority (*Autorité des marchés financiers*) in its 2013 report on corporate governance and executive compensation.

The appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance (in this respect, readers are invited to refer also to Section 7.1.4.2).

The Lead Director is appointed from among the independent Directors who have been members of the Board for at least a year, following a nomination from the Nominating and Governance Committee[1]. The term of office of the Lead Director may not exceed his or her term as Director. The Lead Director may be reelected based on a recommendation from the Nominating and Governance Committee[1].

Accordingly, the Board of Directors has appointed Ms. Angeles Garcia-Poveda as first Lead Director until the expiration of her term of office as Director. Ms. Angeles Garcia-Poveda, an independent Director, is a member of the Strategy and Social Responsibility Committee. Since March 18, 2015, she has chaired the Nominating and Governance Committee[1] as well as the Compensation Committee (Ms. Angeles Garcia-Poveda had previously chaired the Nominating and Compensation Committee).

Duties of the Lead Director

The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, he/she is tasked with:

- preventing and/or handling conflicts of interest: the Lead Director is responsible for preventing conflicts of interest from arising by conducting awareness-raising initiatives on the existence of factors likely to lead to such situations. The Lead Director is informed by each Director of any actual or potential conflict of interest, and reports on these to the Board, as he/she does on any actual or potential conflict of interest which he/she may detect independently;
- supervising the periodic assessment of the Board's operations;
- chairing and moderating an annual meeting of non-executive Directors without Executive or Internal Directors being present, during which meeting the performance of senior executives is assessed and future management prospects given consideration;
- reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of Non-Executive Directors.

Resources of the Lead Director

In the exercise of his/her duties, the Lead Director may:

- submit a proposal, as appropriate, to the Chairman of the Board of Directors to include additional items on the agenda of Board meetings;
- ask the Chairman to call a meeting of the Board of Directors or directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justifies holding an extraordinary meeting of the Board;
- chair meetings of the Board of Directors in the event of the Chairman being unable to attend.

The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and Statutory Auditors, as provided for by the Board's Rules of Procedure.

More generally, the Lead Director ensures that Directors receive the information needed to discharge their duties in the best possible conditions, as provided for in the Board's Rules of Procedure.

The Lead Director reports to the Board of Directors once a year.

Lead Director's report for 2014

Following her appointment as Lead Director by the Board of Directors on November 6, 2013, Ms. Angeles Garcia-Poveda called and chaired the first annual meeting of the Company's Non-Executive Directors, without the Executive Director being present.

During the meeting, the Non-Executive Directors discussed the following topics: assessment of the Chairman and Chief Executive Officer's performance, the question of the reappointment of the Chairman and Chief Executive Officer, and the evaluation of the Board's operation. The Lead Director also presided over the Board's deliberations regarding the assessment of the Chairman and Chief Executive Officer's performance and decision regarding his pay; these discussions took place without the Chairman and Chief Executive Officer being present.

The Lead Director addressed the General Shareholders' Meeting on May 27, 2014, when she gave a presentation on

(1) As explained in sections 7.1.2 and 7.1.3 hereafter, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

corporate governance, including details of the functioning of the administrative and management bodies (Executive Committee, Board of Directors and specialized committees), reported on their respective activities, submitted nominations for the appointment or reelection of Directors, and finally gave an account of the functioning of the Board of Directors for 2013, as detailed on pages 155 and 156 of the 2013 Registration Document filed with the AMF under number D. 14-0274.

At the request of the Lead Director, the assessment of the Board and its specialized committees for 2014 took place early in 2015 under her supervision with the assistance of a firm of external consultants. This will be covered in the Lead Director's progress report for 2015.

On March 18, 2015, the Nominating and Compensation Committee was split into two committees: the Nominating and Governance Committee and the Compensation Committee. Both committees are chaired by the Lead Director.

In accordance with the Board of Directors' rules, the Lead Director reported on her work to the Board of Directors at its meeting on March 18, 2015. The Directors were satisfied with the main findings of this report. A review of the Lead Director's roles and powers was also carried out. The Directors decided to broaden the Lead Director's remit, giving her the power to call a meeting of the Board of Directors on a specific agenda whose importance or urgency justifies holding an extraordinary meeting of the Board. The Directors recognized that this would be an effective addition to the safeguards put in place within the Company to ensure a satisfactory balance of power.

7.1.3 - Board of Directors' specialized committees

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

Until March 18, 2015, there were three permanent specialized committees: the Audit Committee, the Nominating and Compensation Committee, and the Strategy and Social Responsibility Committee.

In the interest of good governance, the functions of the Nominating and Compensation Committee have since been redefined and divided between two new committees, the Nominating and Governance Committee and the Compensation Committee. There are now four permanent specialized committees:

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

In addition to the permanent Committees, the Board of Directors may at any time set up one or several *ad hoc* committees, which may or may not be temporary, and determine their membership and operation as it sees fit.

Finally, the Chief Executive Officer may create an executive committee and determine its membership and scope.

7.1.3.1 COMPOSITION OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Principles

The Board of Directors appoints Committee members on the recommendation of the Nominating and Governance Committee, for a term set by the Board of Directors and which may not exceed their term of office as Directors. The Board of Directors may remove Committee members after consultation with the Nominating and Governance Committee.

The Audit Committee may have a maximum of five members. Members of the Audit Committee may not be executive Directors or managers holding salaried positions with the Company or any of its subsidiaries. Members of the Audit Committee should be competent in finance or accounting.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee at the proposal of the Nominating and Governance Committee, from among the independent members of the Committee. The appointment of the Audit Committee's

Chairman should be specially reviewed by the Board of Directors. The same procedure shall apply for the extension of the term of office.

The Nominating and Governance Committee may have a maximum of five members. The Nominating and Governance Committee should not include any Executive Directors. The Chairman of the Nominating and Governance Committee is chosen by the committee from among its independent members.

The Compensation Committee may have a maximum of five members. The Compensation Committee should not include any Executive Directors. The Chairman of the Compensation Committee is chosen by the committee members from its independent members, on the recommendation of the Nominating and Governance Committee.

With respect to the Strategy and Social Responsibility Committee, it has a maximum of five members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of the Strategy and Social Responsibility Committee, from among its members, at the proposal of the Nominating and Governance Committee.

Current composition of the specialized Committees

The Audit Committee

The Audit Committee is made up of three members appointed by the Board of Directors, all three of whom are independent: Ms. Christel Bories, Ms. Éliane Rouyer-Chevalier, and Mr. Gérard Lamarche. Their biographies and education can be found in Chapter 7.1.1.1 of the Company's Registration Document.

The Audit Committee is chaired by Mr. Gérard Lamarche, who has considerable expertise and broad financial and accounting skills. The Committee also draws on Ms. Éliane Rouyer-Chevalier's financial and accounting expertise and Ms. Christel Bories' senior management experience within industrial groups.

With all Audit Committee members being independent, membership of the Audit Committee is compliant with the Code of Corporate Governance which recommends that two-thirds of members be Independent Directors.

The Nominating and Governance Committee

The Nominating and Governance Committee has three members appointed by the Board of Directors, including two Independent Directors: Ms. Angeles Garcia-Poveda (Independent Director), Mr. Olivier Bazil, and Mr. Thierry de la Tour d'Artaise (Independant Director). Their biographies and education can be found in Chapter 7.1.1.1 of the Company's Registration Document.

The Nominating and Governance Committee is chaired by Ms. Angeles Garcia-Poveda, who has considerable expertise both in executive recruitment and corporate governance. Mr. Olivier Bazil has extensive knowledge of the Legrand Group, in which he has spent his entire career. As such, Mr. Bazil has in-depth knowledge of the business, the industry and its issues, which is particularly useful for the Committee's work. Mr. Thierry de la Tour d'Artaise has served and continues to serve on various boards of major groups (Club Méditerranée, Plastic Omnium and CIC Lyonnaise de Banque) and is therefore highly experienced. He also has a particular interest in the subject of corporate governance and has experience of governance issues.

With two independent Directors out of three members, the composition of the Nominating and Governance Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

The Compensation Committee

The Compensation Committee has three members appointed by the Board of Directors, all of whom are independent: Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia and Mr. Gérard Lamarche (independent Directors). Their biographies and education can be found in Chapter 7.1.1.1 of the Company's Registration Document.

The Compensation Committee is chaired by Ms. Angeles Garcia-Poveda who, thanks to her HR experience and current position as manager at Spencer Stuart, brings to the committee her extensive knowledge of corporate remuneration structures and methodology. Mr. Gérard Lamarche is an expert in international business practices in this area. In addition, his experience on the Audit Committee is a valuable asset for his work on the Remuneration Committee. Ms. Annalisa Loustau Elia, who only recently joined the Board of Directors, has not previously served on any Committee. Her skills lie in the evaluation of non-financial performance and are complementary to those of Gérard Lamarche.

With all of its members being independent Directors, the Compensation Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

The Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee is made up of four members appointed by the Board of Directors: Ms. Christel Bories and Ms. Angeles Garcia-Poveda, who are both independent Directors, Mr. Olivier Bazil, and Mr. Gilles Schnepp. Their biographies and education can be found in Chapter 7.1.1.1 of the Company's Registration Document.

The Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories, whose senior management experience within industrial groups and as a strategy consultant is invaluable to the committee. Ms. Angeles Garcia-Poveda brings to the Strategy and Social Responsibility Committee a wealth of prior experience gained from her time with the Boston Consulting Group and now as a executive at Spencer Stuart. Finally, Mr. Olivier Bazil and Mr. Gilles Schnepp offer the Committee the benefit of their in-depth knowledge of the Group and its businesses.

7.1.3.2 FUNCTIONING OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Each Committee is responsible for setting its own annual meeting schedule, taking into account the schedules for Board meetings and Shareholders' General Meetings.

Each Committee meets as often as required to consider issues falling within its purview; meetings are convened by the Chairman of the Committee or by half of its members. The Chairman of the Board of Directors may call a Committee meeting if he/she considers that a Committee has not met as often as required by the rules specific to each Committee, as detailed below. The Chairman may also convene a Committee meeting if he/she deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location. Committees are provided with secretarial assistance by the persons appointed by or in agreement with the Committee Chairman.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

The Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's Rules of Procedure, 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.

Assignment of the Audit Committee

The Committee assists the Board of Directors in the conduct of its mission as regards the adoption of annual company and consolidated financial statements and the preparation of information for shareholders and the market. It monitors the efficiency of internal controls and risk management. It is also charged with monitoring issues relating to the establishment and control of accounting and financial information, as well as legally required verification of accounts.

The Audit Committee must conduct regular hearings of the Statutory Auditors, including hearings without the presence of executive officers.

Should the Audit Committee call upon outside experts, it must ensure that they have the requisite skills and independence.

- **As regards internal control procedures and risk management,** the Board of Directors entrusts the Audit Committee with the following tasks:
  - to ensure that the internal control and risk management systems exist;
  - to assess the efficiency and quality of the Group's internal control procedures, in order to ensure that these contribute to the production of annual separate and consolidated financial statements providing a true and fair presentation of the Company and its Group, and complying with applicable accounting standards;
  - to give its opinion on the organization of the internal audit and risk control departments;
  - to monitor the implementation and effectiveness of risk management procedures;
  - to ensure that corrective actions are implemented in the event of significant weaknesses or flaws;
  - to examine the risks and the material off-balance-sheet commitments, to assess the importance of any failures or weaknesses which are communicated to it and if necessary, to inform the Board of Directors;
  - to ensure the relevance and quality of the Company's financial communications;

- to hear from the person in charge of Corporate Social Responsibility (CSR) on (i) the risks, especially for the CSR risk mapping, (ii) the conclusions of the independent third-party body in charge of reviewing extra-financial data, and (iii) the methods of construction and analysis of the roadmap. In this framework, the Audit Committee may decide, with approval from the Board of Directors, to entrust special assignments to one of its members, it being specified that in accordance with the provisions of Article 3.5 of the Rules of Procedure of the Board of Directors, undertaking such tasks may give rise to additional fees;
- to receive the internal control and risk management report drawn up in compliance with Article L. 225-37 of the French Commercial Code and to make any observations as it sees fit.

The Statutory Auditors must be heard at the Audit Committee meetings dealing with evaluation of the process for preparing financial information and review of the financial statements in order to report on the execution of their tasks and the conclusions of their work.

The Audit Committee is informed of the main findings of the Statutory Auditors and the internal audit as regards the effectiveness of internal control and risk management systems. It hears the views of the persons responsible for the internal audit and for risk control. It is informed of the internal audit program and it 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 carry out a prior examination of the draft separate and consolidated financial statements, whether annual, half-yearly or quarterly, in order to ascertain the conditions in which they were prepared and to ensure the relevance and consistency of the accounting rules and principles adopted;
  - to examine the method and scope of consolidation applied in the financial statements;
  - to ensure the proper accounting treatment of significant transactions at Group level;
  - to regularly gather information on the financial position, cash flow and significant commitments of the Company and the Group.

The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors stressing the essential points not only of the results of the statutory audit, in particular the adjustments resulting from the audit and significant weaknesses in internal control identified during the auditor's works, but also of the accounting methods chosen. At the time of review of the financial statements, the Audit Committee may consider the major transactions in connection with which conflicts of interest could have arisen.

The review of financial statements by the Audit Committee should also be accompanied by a presentation from the Chief Financial Officer describing the Company's risk exposures and its material off-balance-sheet commitments.

More generally, for the review of financial statements, the Audit Committee may question, without the presence of the corporate officers or, more generally, of Directors playing an active role in the Company, any person who, in one capacity or another, participates in preparing or auditing the financial statements (finance department, internal audit department and statutory auditors).

- **As regards external control procedures,** the Audit Committee's main task is to ensure the proper examination of the annual separate and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors:
  - by ensuring that the Statutory Auditors fulfill their duty in performing the statutory audit of the annual separate and consolidated financial statements;
  - by overseeing the selection procedure for the Statutory Auditors and examining the issues relating to the appointment, renewal or removal of the Company's Statutory Auditors. The Audit Committee shall suggest to the Board of Directors a procedure for the selection of the Statutory Auditors. In the event of a call for tenders, the Audit Committee must supervise it and approve the specifications and the choice of firms consulted, making sure that the selection results in the appointment of the "best bidder". The Audit Committee also submits a recommendation to the Board of Directors regarding the Statutory Auditors proposed for appointment by the General Shareholders' Meeting;
  - by receiving each year, from the Statutory Auditors, (i) their statement of independence; (ii) the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company, in respect of services not directly related to the Statutory Auditors' engagement, and (iii) information concerning the services supplied in respect of the tasks directly related to the Statutory Auditors' engagement;
  - by examining the amount and details of the remuneration paid by the Group to the Statutory Auditors' firm and to the network to which the firm may belong. In this respect, the Audit Committee is to obtain details of the fees paid by the Company and its Group to the Statutory Auditors' firm and to the network to which it belongs, and to ensure that the amount of such fees, or the fraction they represent of the total revenues of the Statutory Auditors' firm and of the firm's network, are not such that the independence of the Statutory Auditors might be affected.

Operation of the Audit Committee

The Audit Committee meets as often as may be necessary. The Audit Committee must regularly report on its activities to the

Board of Directors, and in any event, at the time of the approval of the annual and six-monthly financial statements. The reports of the Audit Committee to the Board of Directors aim at keeping the Board of Directors fully informed in order to facilitate its deliberations.

A meeting of the Audit Committee is validly held if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Pursuant to the provisions of the Code of Corporate Governance and to the extent possible, the Audit Committee meets 48 hours before the review of the financial statements by the Board of Directors, it being specified that this period of time may be reduced from time to time, with the agreement of the Chairman and of the members of the Audit Committee.

Meetings of the Audit Committee may take place by telephone or video-conference.

The Nominating and Governance Committee

The powers and operation of the Nominating and Governance Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Nominating and Governance Committee

The Nominating and Governance Committee is tasked with:

- considering and submitting proposals to the Board of Directors on the various options for the organization of the Company's management and supervision;
- considering and submitting proposals to the Board of Directors for appointment to the positions of Director, Lead Director, Chief Executive Officer, Chief Operating Officer, Chairman of the Board and members and Chairs of the specialized committees; to that end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- submitting proposals to the Board of Directors on the nature of the responsibilities of the specialized committees;
- considering proposals submitted by interested parties, including management and shareholders;
- preparing, under the supervision of the Lead Director, the procedures for the periodic self-evaluation of the Board of Directors and governance bodies, as well as their evaluation by an external consultant, if any;
- preparing a management succession plan so as to be able to recommend options to the Board of Directors, particularly in the event of an unforeseen vacancy;
- examining each year, on a case-by-case basis, the position of each Director in relation to the independence criteria;
- examining changes in the corporate governance rules, monitoring the implementation of those rules by the Company (including the implementation of the Corporate Governance Code adopted by the Company), assisting the Board of Directors in adapting the Company's corporate governance, and submitting proposals in this regard;
- reviewing the Chairman's draft corporate governance report and any other document required by applicable law and regulations in the matter and, more generally, ensuring that the proper information on corporate governance is given to shareholders.

The Chief Executive Officer is involved in particular with the Committee's work on the selection of new Directors and succession planning for corporate officers.

Meetings of the Nominating and Governance Committee

The Nominating and Governance Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General 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 must report on its activities to the Board of Directors.

The Nominating and Governance Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Nominating and Governance Committee may be held by teleconference or videoconference.

The Compensation Committee

The powers and operation of the Compensation Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Compensation Committee

As regards the compensation of corporate 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 the compensation of the corporate officers, in particular as regards the calculation of the variable portions of compensation. To this end, it is to define the rules for calculating this variable portion, taking into account the need for consistency with annual assessments of corporate officers'

performance and the Group's medium-term strategy; it also oversees proper application of these rules;

- ensure that the Company fulfills its obligations regarding the transparency of compensation. In particular, it prepares an annual activity report which is submitted for the approval of the Board for inclusion in the Company's annual report, and ensures that all legally required information concerning compensation is fully and clearly set forth in the annual report.

As regards Directors' compensation, the Compensation Committee:

- draws up proposals for the allocation of Directors' fees in accordance with the provisions of the Board's Rules of Procedure;
- makes recommendations concerning any compensation awarded to Directors entrusted with special assignments.

As regards stock-option plans for the purchase of existing shares or subscription to new shares, and all other share-based compensation or compensation indexed on or otherwise linked to shares, the Compensation Committee is tasked with:

- examining the general policy governing eligibility for such schemes and submitting any proposals it may have on this to the Board of Directors;
- reviewing the information on this subject provided in the annual report and to the General Shareholders' Meeting;
- submitting proposals to the Board of Directors regarding the choice to be made from among the options permitted by law and explaining the reasons for such choice, together with its consequences;
- preparing the Board's decisions on such schemes.

In addition, the Committee must be informed of the compensation policy of key senior executives other than executive officers.

Meetings of the Compensation Committee

The Compensation Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Shareholders' Meeting, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Compensation Committee must report on its activities to the Board of Directors.

The Compensation Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Compensation Committee may take place by teleconference or videoconference.

The Strategy and Social Responsibility Committee

The powers and operation of the Strategy and Social Responsibility Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Strategy and Social Responsibility Committee

The mission of the Strategy and Social Responsibility Committee is to assist the Board of Directors in its decisions on strategic directions for the Company's business, and in particular to:

- examine all significant projects concerning the Group's development and strategic positioning, in particular projects for strategic partnerships and significant investments or divestments;
- examine draft annual budgets submitted to the Board of Directors. For this purpose, the Strategy and Social Responsibility Committee may hear from Company managers on the assumptions used to draw up or amend these budgets;
- assess consistency between Group strategy and the CSR principles espoused by the Group and ensure that management conducts an analysis of internal or external factors related to CSR stakes (risks and opportunities) which have an influence on the Group, such as regulations, third-party expectations and sectorial 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;
- take cognizance of the main findings and observations of the independent third-party body, assess them and examine the related management action plans.

Operation of the Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year. The Strategy and Social Responsibility Committee must report on its activities to the Board of Directors.

The Strategy and Social Responsibility Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by telephone or videoconference.

Services offered by external consultants

The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon.

In the event of Committees having recourse to services offered by external consultants, the Committees must ensure that the consultant concerned is objective.

7.1.3.3 WORK DONE BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2014

Work done by the Audit Committee in 2014

The Audit Committee met four times in 2014. Attendance for the year was 100%. The Committee essentially met to consider the following agenda:

- Company results:
  - review of the annual separate and consolidated financial statements to December 31, 2013 and the management report on the consolidated financial statements, review of the quarterly consolidated financial statements to March 31, 2014, the half-yearly consolidated financial statements to June 30, 2014 together with the half-yearly financial report, and the quarterly consolidated financial statements to September 30, 2014 (review of the work of the Statutory Auditors);
  - review of key figures in the press release on the annual, quarterly and half-yearly consolidated financial statements and assumptions on the outlook for 2014, as well as accounting options;
- Risk management and internal control:
  - review of the Group's risk management policy and procedures, its internal audit and control procedures, and the related organization and resources;
  - review of the internal control and risk management section of the report of the Chairman of the Board on corporate governance, risk management and internal control;
  - examination of risk mapping;
- Auditing and relations with external auditors:
  - internal audit: 2013 summary and review of the 2014 audit plan;
  - quarterly update on internal audits and fraud (review of audit summaries and fraud report);
  - review of the assignments of Statutory Auditors, including additional assignments;
  - review of the budget for auditors' fees;
- Other:
  - review of cash management and financing within the Group;
  - presentation of the Registration Document.

The Audit Committee met with Statutory Auditors without the Company's general management being present, in line with the recommendations of the Code of Corporate Governance.

Work done by the Nominating and Compensation Committee(1) in 2014

The Nominating and Compensation Committee met six times in 2014. Attendance for the year was 94%. The Committee essentially met to consider the following agenda:

- Compensation:
  - executive Director compensation:
    - review of the overall compensation structure and proposed changes,
    - compensation for the 2013 financial year (setting the fixed salary, quantitative and qualitative bonuses, insurance, pension supplement, non-competition clause, benefits in kind, long-term incentive plan and related performance conditions),
    - compensation for the 2014 financial year (setting the fixed salary, principles for calculating bonuses and principles of the long-term incentive plan);
  - long-term incentive plans:
    - review of the attainment of the performance conditions of the 2012 plan for the final allotment of performance shares to the executive Director,
    - determination of terms of coverage of the performance share and share subscription or purchase plans, where the vesting period expires in 2014,
    - setting up of the 2014 long term incentive plan, including allocation of future performance units to the Executive Director and members of the Group's Executive Committee, as well as plan rules,
    - determination of principles relating to the 2015 long term incentive plan;
  - attendance fees:
    - amounts distributed in 2013,
    - proposals for a new budget and new distribution of attendance fees from 2014;

(1) As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

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- Membership of the Board of Directors and its Committees:
  - Procedure for the review of the status of independent Directors;
  - Annual review of the diversity policy of the Board of Directors;
  - Recommendation for the reappointment of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp and for retaining the combined post of Chairman and Chief Executive Officer of the Company;
- Group succession plans:
  - Annual review of existing succession plans, whether in the long term or in the case of unforeseen events, concerning the Chairman and Chief Executive Officer and all key management positions within the Group;
- Other:
  - Thinking around the implementation of the Say on Pay, following the publication in June 2013 of the new Corporate Governance Code;
  - Review of the section of the Chairman's report on corporate governance, risk management and internal control, and of certain sections of the Registration Document;
  - Review of the defined-benefit supplementary pension plan common to all members of the Group Executive Committee eligible for the pension plan for French employees.

Work done by the Strategy and Social Responsibility Committee in 2014

The Strategy and Social Responsibility Committee met four times in 2014. Attendance for the year was 100%. The Committee essentially met to consider the following agenda:

- Acquisitions:
  - Review of acquisitions made since 2005;
  - Examination of proposed acquisitions;
  - Definition of strategic orientations for future acquisitions;
- Budget:
  - Presentation of the 2013 estimate and the 2014 draft budget;
  - Approval of the 2014 budget;
- Corporate Social Responsibility:
  - Review of Legrand's CSR strategy and assessment of the 2011-2013 roadmap;
  - Presentation of the new 2014-2018 roadmap;
  - Presentation of the "elle@legrand" network, an initiative to promote diversity within the Group.

7.1.4 - General Management of the Company

7.1.4.1 IDENTITY OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

Mr. Gilles Schnepp is responsible for the general management of the Company. He is also Chairman of the Board of Directors. He was appointed on March 17, 2006.

Readers are invited to refer to Section 7.1.1.1 of this Registration Document for information about Mr. Gilles Schnepp.

7.1.4.2 FUNCTIONING OF THE GENERAL MANAGEMENT OF THE COMPANY

Choice relating to general management of the Company

Principles

The Board of Directors shall decide, under the conditions set out in the Company's Articles of Association, whether the General management is performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer.

Shareholders and third parties are informed of this decision in accordance with applicable laws and regulations. Responsibility for the exercise of the powers of general management can be changed at any time. The Board of Directors must discuss whether to keep the current system whenever the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes to an end.

When the Chairman of the Board of Directors is responsible for the general management of the Company, the following provisions relating to the Chief Executive Officer apply.

The Chief Executive Officer must always be a physical person aged under 65 at the time of appointment. When the Chief Executive Officer has reached this age limit, he/she is considered as having resigned from the role after the Ordinary General Shareholders' Meeting called to approve the financial statements from the past year and held in the same year the age limit is reached. The Chief Executive Officer can always be reelected. The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority. If the Chief Executive Officer is temporarily unable to perform his/her functions, the Board of Directors may appoint a Director to act as Chief Executive Officer. The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him/her. The Chief Operating Officer must always be a physical person. They may or may not be a Director. In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer as well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer. If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

Choice of the combination of the offices of Chairman and Chief Executive Officer by the Board of Directors

According to the Code of Corporate Governance, *"corporations with boards of Directors have an option between separation of the offices of chairman and chief executive officer and maintenance of the combination of such duties. The law does not favor either formula and allows the Board of Directors to choose between these two forms of exercise of executive management"*.

At its meeting of March 17, 2006, the Board of Directors decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This form of governance was chosen in the context of the Company's initial public offering and has proved efficient ever since. The combination of duties corresponds both to Company tradition and to the reality of Legrand's operating model. The Board confirmed this decision when it reelected Gilles Schnepp on May 27, 2014.

The combination of duties takes effect in a context of respect for the respective prerogatives of the various governance bodies, and a certain number of safeguards have been established within the Company to guarantee the proper operation of the Board of Directors and its specialized committees, to ensure a balance of powers within the Company and, generally, to prevent or resolve any situations of conflict of interest.

In this regard, it should be noted that:

- pursuant to the Rules of Procedure of the Board of Directors, the mandatory appointment of a Lead Director whose duties, means and prerogatives (particularly the power to directly call a meeting of the Board of Directors to consider a particular agenda, the importance or urgent nature of which would justify that an extraordinary meeting of the Board o f Directors be held) are described in Section 7.1.2 of the Company's Registration Document if the positions of Chairman and Chief Executive Officer are held by the same person;
- appointment of Ms. Angeles Garcia-Poveda as Lead Director by the Board on November 6, 2013;
- setting up an annual meeting of Non-Executive Directors, chaired by the Lead Director;
- existence of a significant proportion of independent Directors on the Board of Directors (70%) and its specialized committees (100% on the Audit Committee, two-thirds on the Nominating and Governance Committee and Compensation Committee, and 50% on the Strategy and Social Responsibility Committee);
- chairmanship of the specialized committees entrusted to independent Directors: as stated previously, the Audit Committee is chaired by Mr. Gérard Lamarche (independent Director), the Nominating and Governance Committee and the Compensation Committee are chaired by Ms. Angeles Garcia-Poveda (independent Director), and the Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories (independent Director).

The Rules of Procedure of the Board of Directors comprise various other safeguards, including the possibility for the specialized committees to call upon the help of outside experts; the possibility granted to the Audit Committee to question the Statutory Auditors without Executive Directors being present, or to question any persons contributing to the production or control of Company financial statements, without Executive Directors or any Directors holding active positions within the Company being present (for more details, see Section 7.1.3.2 of the Company's Registration Document).

Plurality of mandates

Mr. Gilles Schnepp, Chairman and Chief Executive Officer, is also a member of the Board of Directors of another French listed company. The number of Directorships held by Mr. Gilles Schnepp therefore complies with the Code of Corporate Governance recommendation that executive Directors should hold no more than two other Directorships in listed companies outside the Group, including outside France.

Moreover, as mentioned in Section 7.1.1.1 above, the Company's Chairman and Chief Executive Officer is required to inform the Chairman of the Nominating and Governance Committee of any intention to take on another Directorship, and must ask the Board for its opinion before accepting any new Directorship in a listed company, in line with the provisions of the Board's Rules of Procedure.

7.1.4.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations which are non-invocable to third parties and which the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to General Shareholders' Meetings and to the Board of Directors.

The Rules of Procedure of the Board of Directors lists the important decisions and transactions requiring prior approval from the Board of Directors. These decisions and transactions are presented in Section 7.1.1.2 of the Company's Registration Document.

7.1.4.4 EXECUTIVE COMMITTEE

The Executive Committee is made up of a narrowed twelve-member team which has various and complementary expertise. All members of the Committee understand the core business of the Group and its stakes. This Committee gathers together countries General Management but also operational departments support of these countries. Several nationalities are present in this body (French, American and Italian) and they reflect the story and business division of Legrand.

As of the filing date of this Registration document, the Executive Committee is made up of as following:

Name	Duties	Date of joining the Group
Mr Gilles Schnepp	Chairman and Chief Executive Officer	1989
Ms Karine Alquier-Caro	Executive VP Purchasing	2001
Ms Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr Bruno Barlet	Executive VP France	1988
Mr Antoine Burel	Executive VP and Group Chief Financial Officer	1993
Mr Benoît Coquart	Executive VP Strategy and Development	1997
Mr Xavier Couturier	Executive VP Human Ressources	1988
Mr Fabrizio Fabrizi	Executive VP Innovation & Systems, Energy Distribution and Digital Infrastuctures SBU*	1989
Mr Paolo Perino	Executive VP Building Systems SBU * and Chairman of Biticino	1989
Mr John Selldorff	President and Chief Executive Officer of Legrand North America	2002
Mr Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr Frédéric Xerri	Executive VP Export	1993

* *Strategic Business Unit.*

7.1.5 - Service agreements

As of the date of this Registration Document and as far as the Company is aware, there is no services contract in force entered into between members of administration or management bodies and the Company or any of its subsidiaries which stipulates the awarding of benefits.

7.2 - COMPENSATION AND BENEFITS OF DIRECTORS

7.2.1 - Principles and rules for determining the compensation and benefits of Directors

The compensation of Executive Directors is set by the Board of Directors on the basis of recommendations made by the Compensation Committee, which helped compile this chapter.

7.2.1.1 COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principles for determining compensation

The Chairman and Chief Executive Officer's compensation includes the following items, it being specified that he receives no compensation either in the form of attendance fees or any other compensation in respect of Directorships held in Group subsidiaries:

Annual compensation

The annual compensation of the Chairman and Chief Executive Officer has been determined on the basis of the principles mentioned in the Code of Corporate Governance: completeness, balance between compensation items, benchmark, consistency, and comprehensibility of rules and measures. It includes the following items:

- **fixed annual compensation of €625,000.** The amount of fixed annual compensation was set at €625,000 by the Board of Directors on March 3, 2011, in view of levels of responsibility and experience as well as market practices determined by way of a survey conducted by a firm of independent consultants. It was agreed that this amount would remain unchanged for three financial years (2011, 2012 and 2013), as recommended by the Code of Corporate Governance. In respect of 2014, the Chairman and Chief Executive Officer requested that no changes be made to his fixed annual compensation and that it remain at €625,000;
- **variable compensation, the target value of which was set at 100% of fixed compensation,** which could vary between 0% and 150% of said fixed compensation, depending on the extent to which the pre-established qualitative and quantitative criteria presented in Table 2, section 7.2.2.1 below, were achieved. In terms of target value, the quantitative portion accounts for 75% of variable compensation and the qualitative portion, 25%.

Long-term incentive

The long-term incentive for the Chairman and Chief Executive Officer was designed to reflect the achievement by the Group of long-term economic performance. It may take the form of either of the following instruments:

- incentive in the form of future performance units **("Future Performance Units")**; or
- incentive in the form of stock option or performance share plans.

Future Performance Units

On the recommendation of the Nominating and Compensation Committee[1], the Board of Directors, at its meetings of March 6, 2013 and March 5, 2014, decided to implement Future Performance Unit plans (the **"2013 Performance Unit Plan"** and the **"2014 Performance Unit Plan"** respectively) to which Mr. Gilles Schnepp is entitled.

The target value of these plans was set at 100% of fixed compensation and could vary between 0% and 150% (maximum) of said fixed compensation, depending on the achievement of external and internal performance conditions, and indexing to the share price.

(1) As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

Overview of the Performance Unit Plans in practice:

The 2013 and 2014 Performance Unit Plans are contingent on employment and performance conditions. Details are provided in the chart below:

STAGE 1

Allocation by the Board of Directors of an initial number of Future Performance Units

This number is theoretical since it corresponds to the target achievement rate of the future performance conditions attached to the Future Performance Units

3-year vesting period

STAGE 2

Review of the performance conditions attached to Future Performance Units based on the Group's future achievements over the next 3 years

Subject to compliance with an employment condition, the final number of vested Future Performance Units is calculated according to achievement of performance conditions

STAGE 3

Application of an additional 2-year lock-in period

During this period, no payment will be made in respect of the Future Performance Units

2-year lock-in period

STAGE 4

Payment of Future Performance Units

After taking into account the indexing of the Future Performance Units to Legrand's share price during the lock-in period

Nature of the performance conditions attached to the Future Performance Units, tested after a three-year vesting period from the date of the first award:

The performance conditions attached to the Future Performance Units are twofold and have been determined so as to better recognize the Group's future achievements:

Nature of performance conditions	Description of performance conditions	Weighting of performance conditions in the total allocation
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in the consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period and the arithmetic average of EBITDA margins achieved by the companies comprising the MSCI World Capital Goods index over the same period	50% of the total allocation
"Internal" performance condition	Arithmetic average of the level *of normalized* free cash flow as a percentage of sales, as published in the consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period, compared to the target	50% of the total allocation

For each Future Performance Unit plan, the Board of Directors determines the target "external" and "internal" performance conditions based on the recommendations of the Compensation Committee[(1)]. These conditions will be tested over a three-year period. A target level is set in order to ensure that the performance conditions are sufficiently rigorous. After a three-year vesting period, the performance conditions will be tested and the number of Future Performance Units finally granted to beneficiaries will be calculated according to the following method:

Calculation method to determine the number of Future Performance Units finally granted

		Min.	Target	Max.	Comments
2013 Performance Unit Plan	**"External" performance condition**	■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points in the Company's favor	■ Allocation equals 100% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor ■ Linear calculation between 4 and 8.3 points	■ Allocation equals 145% of half the Future Performance Units if the difference between the two averages is equal to 12 or more points in the Company's favor ■ Linear calculation between 8.3 and 12 points	The target level of an 8.3 point difference corresponds to the average difference recorded between 2006 and 2011. Legrand improved its relative performance over this period. The criterion thus set corresponds to this relative outperformance being maintained.
	"Internal" performance condition	■ Allocation equals 0 if the average normalized *free cash* flow as a percentage of sales is equal to 9% or less	■ Allocation equals 100% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.4% ■ Linear calculation between 9% and 12.4%	■ Allocation equals 145% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 16% or more ■ Linear calculation between 12.4% and 16%	The target level set for the 2013 plan is consistent with objectives disclosed to the market at the beginning of 2013 for that same year.
2014 Performance Unit Plan	**"External" performance condition**	■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points in the Company's favor	■ Allocation equals 100% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor	■ Allocation equals 150% of half the Future Performance Units if the difference between the two averages is equal to 10.5 or more points in the Company's favor	The target level of an 8.3 point difference corresponds to the average difference recorded between 2006 and 2011. Legrand improved its relative performance over this period. The criterion thus set corresponds to this relative outperformance being maintained.
		■ Linear calculation between 4 and 10.5 points			
	"Internal" performance condition	■ Allocation equals 0 if the average normalized *free cash* flow as a percentage of sales is equal to 9.4% or less	■ Allocation equals 100% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.8%	■ Allocation equals 150% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more	The target level set for the 2014 plan is consistent with objectives disclosed to the market at the beginning of 2014 for that same year.
		■ Linear calculation between 9.4% and 14.5%			

(1) As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

Methodology for indexing the value of the vested Future Performance Units to the share price during the additional two-year lock-in period:

An additional two-year lock-in period is imposed after the three-year vesting period, during which no payment may be made in respect of the Future Performance Units. During this period, the value of the Future Performance Units is indexed to the Legrand share price.

At the end of the two-year lock-in period, the amount to be paid to Mr. Gilles Schnepp will be equal to the unit value of his Future Performance Units(1), plus the equivalent of dividends per share paid on Legrand shares during the two-year lock-in period and capitalized over said period and multiplied by the number of Future Performance Units held by Mr. Gilles Schnepp. As stated above, the amount that will be paid to Mr. Gilles Schnepp may not, in any event, exceed 150% of his fixed compensation.

Stock option and performance share plans

No stock options have been awarded since March 4, 2010 and no performance shares have been awarded since March 7, 2012.

Stock option and performance share plans implemented by the Company in respect of previous financial years are outlined in sections 8.2 and 8.3 of the Company's Registration Document. No discount was applied at the time of their implementation.

In addition, the Company has not implemented any hedging instruments for options or performance shares. Mr. Gilles Schnepp has formally undertaken to refrain from using any hedging instruments for the options and/or performance shares allocated to him. To the Company's knowledge, no hedging instruments for options or performance shares have been implemented.

The Company has for many years also implemented a system of profit sharing beyond the legal requirements for the benefit of all of its own employees and those of its main French subsidiaries. The Chairman and Chief Executive Officer has not benefited from this.

The Company is complying with the rules on the allocation of options and performance shares defined in the Code of Corporate Governance, apart from the recommendation on the granting of performance shares on the condition that a set number of shares be purchased when granted performance shares vest. Mr. Gilles Schnepp has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all vested shares (including options and performance shares) until the termination of his duties. As a result, the Board of Directors, on the proposal of the Compensation Committee, has decided not to comply with this recommendation to the letter, as the undertaking to retain shares constitutes a scheme with equivalent effect.

Pension plan

During the Board of Directors' meeting held on March 18, 2015, the Chairman and Chief Executive Officer indicated to the Board his decision to unilaterally and irrevocably fully opt out of the defined benefit supplementary pension plan set up by the Company. The Board took note of Mr. Gilles Schnepp's unilateral and irrevocable decision to waive his entitlement, and authorised the cancellation of this commitment.

Termination benefits

The Chairman and Chief Executive Officer does not benefit from any commitment concerning components of compensation, indemnities or other benefits that might be due as a result of the termination of his office or assignment to a different position, or subsequently ("golden parachutes").

Contract of employment of the Chairman and Chief Executive Officer

In accordance with the Code of Corporate Governance, the Board of Directors, on March 4, 2009, acknowledged the termination of the contract of employment between Mr. Gilles Schnepp and the Company, with immediate effect and without compensation.

7.2.1.2 ATTENDANCE FEES PAID TO DIRECTORS

The Board of Directors allocates attendance fees to Directors based on the recommendation of the Compensation Committee(2) and on the total amount of attendance fees allocated by the Shareholders' General Meeting. The maximum amount of attendance fees, which had been set at €600,000 by the Shareholders' General Meeting of May 26, 2011, was increased to €800,000 by the Shareholders' General Meeting of May 27, 2014 to (i) bring Legrand more in line with market practices, (ii) better compensate Directors for their work and commitment and take account of the extended duties of specialized committees (CSR, etc.), and (iii) give Legrand more flexibility in connection with the possible appointment of new Directors.

(1) ***For the 2013 Performance Unit Plan,*** *the unit value of the Future Performance Units amounts to the closing price of Legrand shares on the Euronext Paris market on the day of the exercise by the beneficiary of the Future Performance Units during the two-year lock-in period. Therefore, the unit value of the Future Performance Units depends on the company's performance on the stock market.*

For the 2014 Performance Unit Plan, *the unit value of the Future Performance Units amounts to the average daily closing price of Legrand shares on the Euronext Paris market during the two-year lock-in period. The change to the unit value calculation compared to the 2013 Performance Unit Plan is designed to bring the long-term incentive even more closely in line with the company's stock market performance.*

(2) *As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.*

This resolution remains in force until a new one is adopted.

The allocation of attendance fees between Directors takes into account Directors' participation on the Board and its specialized Committees. Specific duties, such as that of Lead Director, may occasion the allocation of additional attendance fees or the payment of exceptional compensation subject to the application of the procedure for related parties agreement.

The Board of Directors decided, from the 2014 financial year, to allocate the attendance fees paid to Directors as follows:

- €20,000 a year paid to each Director as part of the fixed portion of attendance fees, to which is added €5,000 each time the Director attends a Board meeting. As the Board of Directors met six times in 2014, the maximum variable portion of attendance fees for the year amounted to €30,000, in line with the Code of Corporate Governance which recommends that the variable portion of attendance fees be predominant;
- €2,000 is also paid to each Director, who is also a member of a specialized committee, for each specialized committee meeting they attend (thus, a Director who fails to attend any meetings of the specialized committee to which he or she belongs would receive no attendance fees in this regard); and
- an additional €20,000 paid to the Chairman of the Audit Committee and an additional €10,000 paid to the Chairmen of the other specialized committees.

With regard to the Lead Director, and in view of the duties specific to this role, the Board of Directors decided to allocate to said Director an additional amount of attendance fees corresponding to one times the fixed portion of attendance fees for one year (information regarding the Lead Director's duties is provided in section 7.1.2 of the Company's Registration Document).

These rules for attendance fees comply with the Code of Corporate Governance.

The Chairman and Chief Executive Officer waived his right to receive attendance fees from 2011 during the exercise of his duties.

Lastly, according to the Company's internal rules, all Directors are proposed to gradually acquire a number of shares equivalent to one full year of their share of Directors' fees. For calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee(s) to which the relevant Director belongs, the Legrand share price unit value being the average Legrand share price over the previous financial year. The minimum number of shares to be held personally and kept throughout the term of office is set at 500.

Please refer to section 7.2.2.2 of the Company's Registration Document on attendance fees paid to Directors during financial years 2013 and 2014.

7.2.2 - Compensation and benefits of Directors

7.2.2.1 COMPENSATION AND BENEFITS ACCRUING TO THE EXECUTIVE DIRECTOR

The summary tables of all of the components of due and paid compensation for the 2014 and 2013 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, are presented below.

Information on the application of the Code of Corporate Governance is presented in section 7.1 of the Company's Registration Document.

Table 1 – Summary of compensation, stock options and shares allocated to the Executive Director

		2013	2014
Gilles Schnepp, Chairman and Chief Executive Officer			
Compensation **due in respect** of the financial year (see Table 2 below for details)			
	(in euros)	1,339,308	1,163,928
Value of long-term incentive allocated **during** the financial year			
	(in euros)	605,221[1]	600,508[2]
Value of options allocated **during** the financial year (see Table 4 below for details)			
	Number of options	-	-
	Value *(in euros)*	-	-
Value of performance shares allocated **during** the financial year (see Table 6 below for details)			
	Number of shares	-	-
	Value *(in euros)*	-	-
TOTAL		**1,944,529**	**1,764,436**

(1) Amount, as determined by an independent expert pursuant to IFRS 2, of the performance units allocated in 2013 and subject to the future performance conditions detailed in section 7.2.1.1 of the Company's Registration Document. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 8, 2018.

(2) Amount, as determined by an independent expert pursuant to IFRS 2, of the performance units allocated in 2014 and subject to the future performance conditions detailed in section 7.2.1.1 of the Company's Registration Document. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 6, 2017 and since no payments with respect to performance units shall take place before March 7, 2019.

Table 2 – Summary table of compensation for the Executive Director

(in euros)	2013 Amounts due	2013 Amounts paid	2014 Amounts due	2014 Amounts paid
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Annual Bonus	710,000(1)	844,161(2)	535,000(3)	710,000
Long-term incentive(4)	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind(5)	4,308	4,308	3,928	3,928
TOTAL	**1,339,308**	**1,473,469**	**1,163,928**	**1,338,928**

(1) Mr. Gilles Schnepp's variable compensation for the 2013 financial year was determined by the Board of Directors on the recommendation of the Compensation Committee, and corresponds to meeting all quantitative and qualitative targets at 72.4% of the maximum or 113.6% of the target. Details of the calculations are given in the section entitled "Annual bonus paid to the Executive Director" on page 172 of the 2013 Registration Document filed with the French Financial Markets Authority under number D.14-0274.

(2) Mr. Gilles Schnepp's variable compensation for the 2012 financial year was determined (i) for one portion, according to a predefined quantitative criterion linked to the Company's financial performance as measured by "economic income" (adjusted operating income, less the cost of capital employed), and (ii) for the other portion, based on the following qualitative criteria: (a) 20% linked to sales, innovation and increased market share, (b) 15% linked to external growth policy, and (c) 15% linked to general criteria such as risk management, sustainable development and labor issues. The quantitative portion, whose target value was set at 50% of fixed compensation, could vary between 0% and 100% of said fixed compensation, according to the economic income achieved for 2012 financial year. The qualitative portion, whose target value was set at 50% of fixed compensation, could vary between 0% and 100% of said fixed compensation. For the 2012 financial year, the quantitative and qualitative targets were met at 77% of the maximum. Therefore, the variable compensation for Mr. Gilles Schnepp for 2012 financial year should amount to €961,189. However, Mr. Gilles Schnepp suggested freezing his variable compensation at no more than the amount paid to him for the 2011 financial year. Therefore, the total variable compensation paid to him in respect of the 2012 financial year, as determined by the Board of Directors on the recommendation of the Compensation Committee, was reduced to €844,161.

(3) Mr. Gilles Schnepp's variable compensation for the 2014 financial year was determined by the Board of Directors on the recommendation of the Compensation Committee, and corresponds to meeting all quantitative and qualitative targets at 57.1% of the maximum or 85.6% of the target. Details of the calculations are given below (see the section entitled "Annual bonus paid to the Executive Director").

(4) The performance units do not correspond to amounts due as the attached performance conditions will be reviewed as from March 7, 2016 for the 2013 plan and as from March 6, 2017 for the 2014 plan. No payments with respect to performance units shall take place before March 8, 2018 for the 2013 plan and before March 7, 2019 for the 2014 plan.

(5) Amount for the provision of a company car until November 2014 and a cell phone. Mr. Gilles Schnepp has since waived his entitlement to a company car.

Fixed compensation paid to the Executive Director

For the 2014 financial year, the fixed compensation paid to Mr. Gilles Schnepp was €625,000, unchanged from the 2011 financial year.

Annual bonus paid to the Executive Director

The annual bonus paid to Mr. Gilles Schnepp for the 2014 financial year was determined by the Board of Directors on March 18, 2015, based on the recommendation of the Compensation Committee and on the application of the criteria presented in the following chart.

It is hereby specified that, in compliance with the Code of Corporate Governance, the Board deliberated on Mr. Gilles Schnepp's compensation without the presence of the latter.

				Min	Target	Max	Actual
Quantitative 75% of variable total	Economic income	Adjusted operating income less the cost of capital employed in €m	% of fixed compensation	0%	**50%**	75%	**34.6%**
			Indicator value		737		716
	Organic growth of net sales	Organic growth of net sales as a %	% of fixed compensation	0%	**10%**	15%	**3.3%**
			Indicator value		1.5%		0.5%
	Acquisitions	2014 revenue growth by scope of consolidation	% of fixed compensation	0%	5%	7.5%	**2.7%**
			Indicator value		5%		2.7%
	Corporate Social Responsibility (CSR)	Average achievement of the 2014 milestones of the 21 priorities set out in the 2014-2018 Sustainable Development roadmap	% of fixed compensation	0%	**10%**	15%	**10.5%**
			Indicator value		100%		103%
	QUANTITATIVE TOTAL			**0%**	**75%**	**112.5%**	**51.1%**
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies		0%	10%	15%	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, consolidation/development of acquisitions already made		0%	10%	15%	15%
	General criteria	Risk management, labor issues, succession plans		0%	5%	7.5%	7.5%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**	**34.5%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**85.6%**

Therefore, for the 2014 financial year, the quantitative and qualitative targets were met at 57.1% of the maximum, *i.e.* 85.6% of the target. As a result, Mr. Gilles Schnepp's variable compensation for 2014 amounted to €535,000.

This assessment is the application of the principles set at the beginning of 2014 by the Compensation Committee and subsequently approved by the Board of Directors, namely:

a) a quantitative portion, with target value set at 75% of fixed compensation with a possible variation of between 0% and 112.5% of said fixed compensation. The 2014 achievement of this quantitative portion totaled 51.1% of fixed compensation, determined based on the following criteria:

- up to 50% of fixed compensation (target value) based on criteria linked to the achievement of a certain level of economic income (50% of fixed compensation for economic income of €737 m with a variation of between 0% and 75% of fixed compensation for economic income of between €666 m and €808 m),
- up to 10% of fixed compensation (target value) based on criteria linked to organic growth in revenue compared with the annual organic growth targets announced to the market at the beginning of 2014, with the target of this portion of the bonus being set in the middle of these objectives, namely an increase of 1.5% (with a variation of between 0% and 15% of fixed compensation for organic growth between 0% and 3%),
- up to 5% of fixed compensation (target value) based on criteria linked to 2014 revenue growth from acquisitions, with the target of this portion of the bonus being set in the middle of half the medium-term total revenue goals, namely 5% (with a variation of between 0% and 7.5% of fixed compensation for revenue growth from acquisitions of between 0% and 10%),
- up to 10% of fixed compensation (target value) based on criteria linked to the average achievement of 2014 milestones of the 21 priorities set out in the 2014-2018 Sustainable Development roadmap, the target being set at 100% (with a variation of between 0% and 15% of fixed compensation for an average achievement of the 2014 milestones of between 70% and 130%). Note that with regard to this last criterion, some 2014 milestones were achieved with an outperformance of more than 130% (see chapter 5 of this Registration Document for details) but that for the calculation of Mr. Gilles Schnepp's variable compensation, the achievement rate of these average milestones was limited to a maximum of 130%. As a result, the rate of achievement of the CSR roadmap used for this calculation (103%) and indicated in the above table is lower than the actual achievement rate of the CSR roadmap (123%) presented in chapter 5 of this Registration Document;

b) a qualitative portion, with target value set at 25% of fixed compensation with a possible variation of between 0% and 37.5% of said fixed compensation. The 2014 achievement of this qualitative portion totaled 34.5% of fixed compensation, the Committee deeming that in view of its assessment of the criteria below, the efforts undertaken in these areas had been particularly sustained:

- 10% of fixed compensation (target value) based on an increase in revenue: increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into new economies,
- 10% of fixed compensation (target value) linked to the external growth policy: adherence to set priorities, emphasis on multiples paid relative to those of the market and to those paid for peers under the same market and geographical conditions, emphasis on any dilutive effects of acquisitions on the Group's performance, and also the consolidation/ development of acquisitions already made,
- 5% of fixed compensation (target value) linked to other general criteria, particularly risk management, labor relations concerns including succession plans for the Chairman and Chief Executive Officer and key functions of the Group with an emergency and medium- and long-term component.

Long-term incentive

Future Performance Units

The amount of the performance units allocated to Mr. Gilles Schnepp in 2013 and subject to the future performance conditions detailed in section 7.2.1.1 of this Registration Document was determined by an independent expert pursuant to IFRS 2 and stood at €605,221. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 8, 2018.

The amount of the performance units allocated to Mr. Gilles Schnepp in 2014 and subject to the future performance conditions detailed in section 7.2.1.1 of this Registration Document was determined by an independent expert pursuant to IFRS 2 and stood at €600,508. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 6, 2017 and since no payments with respect to performance units shall take place before March 7, 2019.

Stock option and performance share plans

In 2014, as in 2013, there was no allocation of options for the subscription or purchase of shares, nor any allocation of performance shares.

Table 4 – Options for the subscription or purchase of shares awarded by the Company and by any Group company to the Executive Director during the financial year

The Company or any other Group company did not grant any options for the subscription or purchase of shares to the Executive Director during the 2014 financial year.

Table 5 – Options for the subscription or purchase of shares exercised by the Executive Director during the financial year

Executive Director	Date of plan	Number of options exercised during the year	Exercise price
Gilles Schnepp	N/A	Nil	N/A

Table 6 – Performance shares freely allocated during the financial year to the Executive Director by the Company and any Group company

The Company or any other Group company did not grant performance shares to the Executive Director during the 2014 financial year.

Table 7 – Performance shares freely allocated which were vested by the Executive Director during the financial year

In 2014, the vesting period of the performance shares allocated under the 2012 plan dated March 7, 2012 came to an end.

In connection therewith, the Board of Directors, at its meeting on March 5, 2014, reviewed the performance conditions attached to the 30,710 shares that had been allocated to the Executive Director under the 2012 plan to determine the number of shares finally granted to the latter.

The performance conditions attached to these 30,710 shares were twofold. Pursuant to a first performance criterion, the initial allocation of 30,710 shares could only be allocated in their entirety on condition that the average of the Group's economic income at current scope during the four-year period preceding the share acquisition (2010-2013) was higher than the average of the Group's economic income for the previous four-year period (2006-2009), thus demonstrating long-term value creation.

If this first criterion was not met, a second criterion was applicable to check the Group's performance relative to that of a peer group over the same periods. For example, if the Group's average economic margin between 2010 and 2013 appeared to be higher than the peer group's average economic margin, demonstrating that despite the absence of value creation, the Group had still turned in a better performance than its peers, then the initial allocation of 30,710 shares would still be allocated in their entirety to the Executive Director. In the opposite case, the number of vested shares would be reduced by 25% for each tranche of a 5% drop in economic income (measured according to the definition of the first criterion), a mechanism that could reduce the final allocation to zero.

After reviewing the first performance criterion, the Board of Directors, at its meeting on March 5, 2014, noted that the first criterion had been met, since the Group's average economic income at current scope for the period from 2010 to 2013 was higher than the Group's average economic income for the previous period from 2006 to 2009. Therefore, the Board of Directors set the final number of shares to be awarded to the Executive Director at 30,710, equal to 100% of the initial allocation.

Executive Director	Date of plan	Number of shares vested during the year	Vesting conditions*
Gilles Schnepp	03/07/2012	30,710	N/A

* *The Executive Director is not subject to a vesting condition, inasmuch as he has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all shares acquired until the termination of his duties (including stock options and performance shares) (see section 7.1 of this Registration Document).*

Compensation and benefits due on termination of Executive Director's positions

Table 11

	Contract of employment(1)		Supplementary pension entitlement(2)		Indemnities or benefits due or which may become due as a result of termination or change of office		Non-compete clause compensation(3)	
Executive Director	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Gilles Schnepp								
Chairman and Chief Executive Officer		x		x		x		x
Commencement: 05/27/2014								
Expiration: Shareholders' General Meeting ruling on the accounts for the year ending 12/31/2017								

(1) In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Mr. Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

(2) At the meeting of the Board of Directors on March 18, 2015, Mr. Gilles Schnepp waived his entitlement to the supplementary pension plan described in registration documents published in previous years.

(3) At the meeting of the Board of Directos on March 18, 2015 has been decided of the suppression of the non-compete clause, since then MR. Gilles Schnepp doesn't longer benefit from such compensation.

7.2.2.2 COMPENSATION FOR NON-EXECUTIVE DIRECTORS

The table below presents the amounts paid in attendance fees for 2013 and 2014 for the participation of the Directors in the work done in the previous year. The amount of fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of Committee members, meetings of Board Committees (the rules relating to the determination of the attendance fees are outlined in section 7.2.1.2 of this Registration Document).

Table 3 - Attendance fees and other payments to non-executive

Non-executive Directors	Gross amounts paid during 2013 *(in euros)*	Gross amounts paid during 2014 *(in euros)*
Olivier Bazil		
Attendance fees	37,000	42,083
Other payments		
Christel Bories[1]		
Attendance fees	26,250	44,083
Other payments	-	-
Mattia Caprioli[2]		
Attendance fees	5,500	-
Other payments	-	-
Jacques Garaïalde[3]		
Attendance fees	42,333	14,583
Other payments	-	-
Angeles Garcia-Poveda[1]		
Attendance fees	23,333	47,417
Other payments	-	-
François Grappotte		
Attendance fees	35,000	35,000
Other payments	-	-
Gérard Lamarche		
Attendance fees	51,000	56,000
Other payments	-	-
Thierry de La Tour d'Artaise		
Attendance fees	29,000	26,000
Other payments	-	-
Frédéric Lemoine[4]		
Attendance fees	50,000	25,333
Other payments	-	-
Dongsheng Li[5]		
Attendance fees	17,500	26,000
Other payments	-	-
Annalisa Loustau Elia[6]		
Attendance fees	-	20,417
Other payments	-	-
Éliane Rouyer-Chevalier		
Attendance fees	31,917	40,000
Other payments	-	-

Non-executive Directors	Gross amounts paid during 2013 *(in euros)*	Gross amounts paid during 2014 *(in euros)*
Patrick Tanguy(4)		
Attendance fees	40,000	23,333
Other payments	-	-
TOTAL	**388,833**	**400,250**

(1) Appointed by the Shareholders' General Meeting of May 25, 2012.

(2) End of term on July 26, 2012.

(3) End of term on May 24, 2013.

(4) End of term on July 31, 2013.

(5) Appointed at the Board of Directors' meeting of July 26, 2012 to replace Mr. Mattia Caprioli, who resigned.

(6) Appointed by the Shareholders' General Meeting of May 24, 2013.

On March 18, 2015, the Board approved the payment of attendance fees in respect of the 2014 financial year, *i.e.* €557,000. This amount is the result of the new rule for the distribution of attendance fees described in section 7.2.1.2 above.

The Executive Director waived his right to receive attendance fees from 2011.

7.2.3 - Shareholding by Directors

Please refer to section 7.1.1.1 of this Registration Document.

7.2.4 - Other benefits granted to Directors

The Company has not granted any loan, advance or guarantee to any of its Directors.

7.2.5 - Compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2014 financial year, submitted for shareholders' opinion

Pursuant to the provisions of the Code of Corporate Governance, shareholders will be consulted on the compensation components due or attributed to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2014 financial year, at the next Shareholders' General Meeting convened to approve the 2014 financial statements. These components are detailed in the following table:

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date
Annual Bonus	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2014 financial year could vary between 0% and 150% of fixed annual compensation (the target value is set at 100% of fixed annual compensation) and would be determined as follows: ■ from 0% to 112.5% (with a target value set at 75%) depending on a quantitative portion calculated on the basis of criteria linked to (i) the achievement of a certain level of "economic income", *i.e.* adjusted operating income less the cost of capital employed, (ii) organic growth in revenue, (iii) revenue growth through changes in the scope of consolidation, and (iv) achievement of the priorities set out in the 2014-2018 Sustainable Development roadmap; and ■ from 0% to 37.5% (with a target value set at 25%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the external growth policy (adherence to set priorities, emphasis on multiples, consolidation/development of acquisitions already made), and (iii) other general criteria, especially risk management, labor issues, and succession plans. Based on the work and proposals of the Compensation Committee[1], the Board, at its meeting on March 18, 2015, set: ■ the amount of the variable portion due in respect of meeting quantitative targets at 51.1% of annual fixed compensation; and ■ the amount of the variable portion due in respect of meeting qualitative targets at 34.5% of annual fixed compensation Details of the rate of achieving the quantitative and qualitative criteria are provided on section 7.2.2.1 of the Company's Registration Document The amount of annual variable compensation due for 2014 therefore corresponds to an achievement rate of 57.1% of the maximum of the annual objectives, *i.e.*, 85.6% of the target
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation
Long-term incentive	No amount is due in respect of the 2014 financial year (allocated IFRS value: €600,508)	On the recommendation of the Nominations and Compensation Committee, the Board of Directors, at its meeting of March 5, 2014, decided to implement a Future Performance Unit plan to which Mr. Gilles Schnepp is entitled. This plan is described in sections 7.2.1.1 and 7.2.2.1, pages 166 et *seq.* and page 170 of the Company's Registration Document
Exceptional compensation	Not applicable	There are no plans to allocate any exceptional compensation

(1) As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the 2014 financial year
	Performance shares: Not applicable	There was no grant during the 2014 financial year
	Other long-term compensation component: Not applicable	There was no grant during the 2014 financial year
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees (he waives his right to receive attendance fees from 2011)
Valuation of all types of benefit	€3,928	Mr. Gilles Schnepp waived his entitlement to a company car during the 2014 financial year

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components having been submitted to the shareholders for approval in accordance with the procedure relating to regulated agreements and commitments	Amounts	Details
Severance payment	Not applicable	There is no commitment in this regard
Non-compete compensation	Not applicable	There is no commitment in this regard
Supplementary pension plan	Not applicable	Mr. Gilles Schnepp indicated his unilateral and irrevocable decision to waive his entitlement to the supplementary pension plan described in registration documents published in previous years

SHARE OWNERSHIP 08

8.1 - BREAKDOWN OF SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2014.

8.1.1 - Shareholding structure at December 31, 2014 and changes to the shareholding structure in 2014

8.1.1.1 SHAREHOLDING STRUCTURE AT DECEMBER 31, 2014

The Company's shareholding structure at December 31, 2014 is as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Legrand management and employees (employee savings plan)[1]	10,798,984	4.05	19,454,532	6.93	19,454,532	6.95
Treasury stock[2]	493,806	0.19	493,806	0.18	-	-
Free float	255,064,825	95.76	260,596,859	92.89	260,596,859	93.05
TOTAL	**266,357,615**	**100**	**280,545,197**	**100**	**280,051,391**	**100**

(1) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

8.1.1.2 CHANGES IN SHAREHOLDING DURING THE 2014 FINANCIAL YEAR AND INFORMATION ON BREACHES OF LEGAL THRESHOLDS

The Company was notified of the following breaches of the legal thresholds during the 2014 financial year:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
BlackRock Inc., acting on behalf of its clients and the funds it manages	12/15/2014	12/11/2014	5% of the share capital	Downward	4.96%	4.71%

BlackRock Inc. has also disclosed that it holds 1,641,553 shares of the Company on behalf of clients (not included in the above shareholding), on which they retain voting rights.

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[1], holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this Registration Document.

(1) Based on a threshold disclosure filed with the French Financial Markets Authority (Autorité des marchés financiers) on August 14 and 19, 2013 (10.78% of the share capital and 10.41% of the voting rights on the date of said disclosure).

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8.1.2 - Shareholding structure at December 31, 2013 and changes to the shareholding structure in 2013

The Company's shareholding structure at December 31, 2013 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Legrand management and employees (employee savings plan)(1)	10,364,033	3.90	18,857,816	6.80	18,857,816	6.81
Treasury stock(2)	170,527	0.06	170,527	0.06	-	-
Free float	255,055,957	96.04	258,197,331	93.14	258,197,331	93.19
TOTAL	**265,590,517**	**100**	**277,225,674**	**100**	**277,055,147**	**100**

(1) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds and changes to the shareholding structure during the 2013 financial year can be found in section 8.1.2 of the 2013 Registration Document filed with the French Financial Markets Authority under No. D. 14-0274.

On June 11, 2013, Wendel sold its entire stake in the Group (5.4% of share capital).

Following this sale, Messrs. Frédéric Lemoine and Patrick Tanguy, whose appointments had been proposed by Wendel, stepped down from the Board and its various specialized Committees at the Board of Directors' meeting held on July 31, 2013.

8.1.3 - Shareholding structure at December 31, 2012 and changes to the shareholding structure in 2012

The Company's shareholding structure at December 31, 2012 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Wendel(1)	14,438,049	5.46	27,960,605	9.73	27,960,605	9.74
Legrand management and employees (employee savings plan)(2)	10,054,338	3.80	19,021,087	6.62	19,021,087	6.62
Treasury stock(3)	151,584	0.06	151,584	0.05	-	-
Free float	239,730,904	90.68	240,196,193	83.60	240,196,193	83.64
TOTAL	**264,374,875**	**100**	**287,329,469**	**100**	**287,177,885**	**100**

(1) Until March 8, 2012, Wendel and KKR were bound through a shareholders' agreement by which the two parties declared they were acting in concert in respect of the Company (see section 8.1.5 below for more information on the end of the concert between these two shareholders).

(2) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(3) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds and changes to the shareholding structure during the 2012 financial year can be found in sections 8.1.2 and 8.1.3 of the 2012 Registration Document filed with the French Financial Markets Authority under No. D. 13-0240.

Until March 8, 2012, Wendel and KKR, major shareholders in the Company, held in concert 11.69% of the Company's share capital and 20.21% of voting rights. As a result of a sale by KKR of a portion of its shares on March 8, 2012, KKR's stake broke below the threshold of 5% of the Company's voting rights and the shareholders' agreement – entered into on April 6, 2011 by Wendel and KKR, pursuant to which they declared they were acting in concert in respect of the Company – expired in accordance with the provisions of said agreement. On March 14, 2012, KKR sold the balance of its stake in the Company's share capital.

In this context, Mr. Mattia Caprioli, whose appointment was proposed by KKR, tendered his resignation from the Board of Directors at its meeting on July 26, 2012. At its meeting on May 24, 2013, the Board of Directors acknowledged the decision by Mr. Jacques Garaïalde, a Director also appointed by KKR, to step down from the Board.

8.1.4 - Shareholders' agreement and specific agreements

Since March 8, 2012, the date on which the agreement between Wendel and KKR[1] was terminated following KKR's downward breach of the 5% threshold of the Company's voting rights, there are, to the best of the Company's knowledge, and at the date of this Registration Document, no shareholders' agreements in force governing the relationships between Company shareholders nor any acting in concert.

(1) The main provisions of the shareholders' agreement with respect to the governance of the Company and to the transfer of shares, as agreed between KKR and Wendel and reported to the Company and the French Financial Markets Authority, are described on pages 146 and 147 of the 2011 Registration Document filed with the French Financial Markets Authority under No. D. 12-0291.

8.2 - STOCK OPTION PLANS

Table 8 - Breakdown of stock options

Since the 2010 Plan, no options to purchase or subscribe to shares have been allocated.

The Company's Board of Directors approved the implementation of the stock option plans listed below:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Shareholders' Meeting	05/15/2007	05/15/2007	05/15/2007	05/15/2007
Date of Board of Directors Meeting	05/15/2007	03/05/2008	03/04/2009	03/04/2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive officers	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil	38,536	68,648	45,664	83,295
Start of the option exercise period	05/16/2011	03/06/2012	03/05/2013	03/05/2014
Expiry date	05/15/2017	03/05/2018	03/04/2019	03/04/2020
Exercise price	EUR 25.20 Average closing price over the 20 trading days preceding the Board meeting	EUR 20.58 Average closing price over the 20 trading days preceding the Board meeting	EUR 13.12 Average closing price over the 20 trading days preceding the Board meeting	EUR 21.82 Average closing price over the 20 trading days preceding the Board meeting
Exercise conditions (when the plan has more than one tranche)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of shares subscribed for as of 12/31/2014	(1,004,897)	(1,120,900)	(579,260)	(1,177,328)
Total number of stock options cancelled or expired	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding at 12/31/2014	**525,819**	**773,100**	**498,940**	**1,840,809**

(1) *Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.*

(2) *The 2007 stock options were granted based on the Company's 2006 economic performance. At the beginning of 2006 the Board of Directors had set the economic income * targets to be achieved. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its meeting on May 15, 2007.*

(3) *The 2008 stock options were granted based on the Company's 2007 economic performance. At the beginning of 2007 the Board of Directors had set the economic income * targets to be achieved. The number of options awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 5, 2008 based on achievement of those targets.*

(4) *The 2009 stock options were granted based on the Company's 2008 economic performance. At the beginning of 2008 the Board of Directors had set the economic income * targets to be achieved. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its meeting on March 4, 2009.*

(5) *The 2010 stock options were granted based on the Company's 2009 economic performance. At the beginning of 2009 the Board of Directors had set the economic income * targets to be achieved. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its meeting on March 4, 2010. At the beneficiaries' suggestion, the number of options was deliberately limited.*

* *Adjusted operating income less the cost of capital employed.*

The weighted average share price when options were exercised in 2014 was €44.28.

If all options were exercised (*i.e.* 3,638,668 options), the Company's capital would be diluted by a maximum of 1.4% (this is a maximum dilution as it does not take into account the exercise price of the options) as of December 31, 2014.

The Group measures the fair value of share-based instruments at the grant date. It uses either the binomial model or the Black & Scholes mathematical model to value them, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not corporate officers

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not corporate officers of the Company during the financial year ended December 31, 2014:

Stock-options granted to and exercised by the ten highest beneficiaries who are not Executive Directors	Total number of options granted/ exercised	Weighted average exercise price	2010 Plan €21.82	2009 Plan €13.12	2008 Plan €20.58	2007 Plan €25.20
Options granted during the year by the issuer and companies within the scope of the option plan to the ten employees of the issuer and those companies included in the scope to which the highest number of options was granted (total)	Nil	-	-	-	-	-
Options previously granted by the issuer and the companies referred to above and exercised in the course of the year by the ten employees of the issuer and those companies having purchased or subscribed the highest number of shares (total)	257,777	21.07	157,697	30,768	34,863	34,449

Information on options granted to and exercised by the Executive Director during the year ended December 31, 2014 is included in section 7.2.2.1 of the Company's Registration Document.

The Executive Director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

8.3 - PERFORMANCE SHARES

Table 10 – Breakdown of free share allocations

No performance share plans have been implemented since the 2012 Plan.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2010 Plan(1)	2011 Plan(2)	2012 Plan(3)
Date of Shareholders' Meeting	05/15/2007	05/27/2010	05/26/2011
Date of Board of Directors Meeting	03/04/2010	03/03/2011	03/07/2012
Total number of free shares granted	896,556	1,592,712	985,656
o/w to Executive Directors	*62,163*	*127,888*	*30,710*
■ Gilles Schnepp	38,373	65,737	30,710
■ Olivier Bazil	23,790	62,151	
Share acquisition date	Residents Plan: 03/05/2012 Non-residents Plan: 03/05/2014	Residents Plan: 03/04/2013 Non-residents Plan: 03/04/2015	Residents Plan: 03/08/2014 Non-residents Plan: 03/08/2016
End of holding period	Residents Plan: 03/06/2014 Non-residents Plan: 03/05/2014	Residents Plan: 03/05/2015 Non-residents Plan: 03/04/2015	Residents Plan: 03/09/2016 Non-residents Plan: 03/08/2016
Number of shares subscribed for as of 12/31/2014	(834,310)	(710,271)	(386,295)
Total shares cancelled or expired	(62,246)	(75,934)	(25,665)
Free shares outstanding at 12/31/2014	**0**	**806,507**	**573,696**

(1) **2010 Plan:** *Free performance shares awarded during the 2010 financial year were allocated in respect of 2009 results. At the beginning of 2009, the Board of Directors had set the economic result * targets to be achieved. The number of free performance shares awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 4, 2010 based on achievement of those targets and voluntarily limited at the suggestion of the beneficiaries.*

(2) **2011 Plan:** *With regard to allocations in respect of the 2010 financial year, the Board of Directors had set at the beginning of 2010 the economic result * targets to be achieved. The number of free performance shares allocated to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 3, 2011 based on achievement of those targets. In addition, since the 2011 Plan, the vesting of most of the free performance shares allocated to the executive Directors has been subject to performance conditions defined by the Board of Directors. Those performance conditions combine an external criterion (performance of the net consolidated margin in comparison with a basket of comparables over a four-year period) and two internal criteria (performance of economic result* and economic margin over successive four-year periods). For the 2011 Plan covering the 2010 financial year, the vesting of the free performance shares allocated to corporate officers was therefore subject to a double set of performance conditions applying at the time of the initial allotment and at the final vesting date. As the vesting period of the free performance shares allocated to corporate officers matured in 2013, the Board of Directors, at its meeting on March 6, 2013, proceeded to review the performance conditions applicable to corporate officers and confirmed that these had been 100% achieved. Therefore, the final allotment received by the corporate officers was 100% of the initial allocation.*

(3) **2012 Plan:** *With regard to allocations in respect of the 2011 financial year, the Board of Directors had set at the beginning of 2011 the economic result * targets to be achieved. Based on the level of achievement of the economic income * target, the Board of Directors, at its meeting on March 7, 2012, determined the initial allocation of 30,710 performance shares to Mr. Gilles Schnepp. On the recommendation of the Nominating and Compensation Committee, the Board also decided to strengthen the performance conditions relating to the final vesting of all performance shares by Mr. Gilles Schnepp, thereby retaining the option of cancelling all or part of the initial allocation. According to these conditions, the vesting of the full initial allocation was conditional upon an increase in economic result * for a four-year period preceding the vesting of performance shares, thereby demonstrating long-term value creation. However, in the event this first criterion was not met, a second criterion was to be reviewed to determine whether the Group's performance, as measured by economic margin, was above that of a panel of peers over the same period. As the vesting period of the free performance shares allocated to the Executive Director matured in 2014, the Board of Directors, at its meeting on March 5, 2014, proceeded to review the performance conditions applicable to the Executive Director. After examining the first performance criterion, the Board of Directors found that it had been achieved. Therefore, the Board of Directors set the final number of shares to be awarded to the Executive Director at 30,710, equal to 100% of the initial allocation.*

* *Adjusted operating income less the cost of capital employed.*

If all these shares were to vest (*i.e.* a total of 1,380,203 shares), the Company's capital would be diluted by 0.5 % as at December 31, 2014.

Under the 2012 Plan, for the 2011 financial year, 27,911 free performance shares were allotted to the 10 non-executive employees of the company with the highest share award.

Information on shares granted to the Executive Director or vested during the financial year ended December 31, 2014 is included in section 7.2.2.1 of this Registration Document.

The Executive Director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

8.4 - REGULATED AGREEMENTS AND COMMITMENTS

8.4.1 - Description and qualification

In accordance with AMF Recommendation No. 2012-05 of July 2, 2012 on "General meetings of shareholders of listed companies", particularly Proposition 20, the Company has adopted an internal charter to define agreements, which can be viewed on the Company's website at *www.legrand.com.*

8.4.2 - Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2014

Legrand
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 LIMOGES

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de Commerce)*, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements previously approved by your Board of Directors.

Amendment to the Multi-Currency Revolving Facility Agreement (Board of Directors' meeting of May 6, 2014)

On July 25, 2014, the Company, acting as a guarantor, and certain of its subsidiaries, acting as borrowers, concluded an Amendment and Restatement Agreement with BNP Paribas, Société Générale Corporate & Investment Banking, Crédit Agricole Corporate & Investment Bank, Crédit Industriel et Commercial (Crédit Mutuel CIC Group), HSBC France and Natixis. The Amendment and Restatement Agreement covered the Multi-Currency Revolving Facility Agreement concluded on October 20, 2011, whose principal purpose was the set-up of new multi-currency credit lines for a maximum amount of €900,000,000.

Under the Amendment and Restatement Agreement, the maximum maturity of the credit lines is extended by 3 years, until July 2021, with financial terms that have improved in relation to the Multi-Currency Revolving Facility Agreement concluded on October 20, 2011.

The amortization of issue costs represented an expense of €226,000 for 2014.

Individual concerned: Mr. Gilles Schnepp, Director of Legrand France S.A.

Agreements and commitments authorized since the year-end closing

The following agreements and commitments, authorized since the year-end closing, and previously authorized by the Board of Directors, have been brought to our attention.

Cancellation of non-competition clause attached to the corporate office of Mr. Gilles Schnepp, CEO of the Company (Board of Directors' meeting of March 18, 2015)

The Company and Mr. Gilles Schnepp had entered into a two-year non-competition agreement which was solely enforceable at the Company's initiative after Mr. Gilles Schnepp has ceased his duties as CEO.

During the meeting of the Board of Directors held on March 18, 2015, it was decided to end the non-competition clause. Henceforth, Mr. Gilles Schnepp cannot receive any compensation related to this clause.

Individual concerned: Mr. Gilles Schnepp

Unilateral waiver by Mr. Gilles Schnepp, CEO of the Company, to defined pension benefits (Board of Directors' meeting of March 18, 2015)

The Board of Directors of Legrand France had previously authorized an agreement to pay supplementary pension benefits to Executive Committee members benefiting from the French pension scheme and having at least ten years of service on the date of their retirement.

During the meeting of the Board of Directors held on March 18, 2015, Mr. Gilles Schnepp announced his unilateral decision to waive his benefits under this agreement. The Board of Directors duly noted this decision.

Individual concerned: Mr. Gilles Schnepp

Neuilly-sur-Seine and Neuilly-sur-Seine, March 27, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-Marc Lumet

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

09

9.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

9.1.1 - Consolidated Statement of Income

	Legrand 12 months ended December 31	
(in millions of euros)	**2014**	**2013**
Revenue (Note 2.11)	**4,499.1**	**4,460.4**
Operating expenses		
Cost of sales	(2,197.2)	(2,156.6)
Administrative and selling expenses	(1,214.4)	(1,184.4)
Research and development costs	(193.2)	(197.8)
Other operating income (expense) (Note 18.2)	(46.8)	(72.2)
Operating profit (Note 18)	**847.5**	**849.4**
Financial expense (Note 19.2)	(85.9)	(87.7)
Financial income (Note 19.2)	8.6	6.9
Exchange gains (losses) (Note 19.1)	1.5	(1.8)
Total net financial expense	(75.8)	(82.6)
Profit before tax	**771.7**	**766.8**
Income tax expense (Note 20)	(238.4)	(233.5)
Profit for the period	**533.3**	**533.3**
Attributable to:		
■ **Legrand**	**531.7**	**530.5**
■ **Minority interests**	**1.6**	**2.8**
Basic earnings per share *(euros)* (Notes 2.17 and 11.2)	2.001	2.002
Diluted earnings per share *(euros)* (Notes 2.17 and 11.2)	1.976	1.973

The accompanying Notes are an integral part of these financial statements.

9.1.2 - Statement of Comprehensive Income

(in millions of euros)	Legrand 12 months ended December 31 **2014**	**2013**
Profit for the period	533.3	533.3
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Notes 2.3 and 13.2)	119.2	(194.1)
Income tax relating to components of other comprehensive income	12.2	(3.1)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Notes 2.15 and 16.1)	(22.4)	14.7
Deferred taxes on actuarial gains and losses	6.2	(4.9)
COMPREHENSIVE INCOME FOR THE PERIOD	**648.5**	**345.9**
Attributable to:		
■ **Legrand**	**646.7**	**344.7**
■ **Minority interests**	**1.8**	**1.2**

The accompanying Notes are an integral part of these financial statements.

9.1.3 - Consolidated Balance Sheet

ASSETS

	Legrand	
(in millions of euros)	December 31, 2014	December 31, 2013
Current assets		
Cash and cash equivalents (Notes 2.4 and 10)	726.0	602.8
Marketable securities	3.1	3.0
Income tax receivables	60.0	45.9
Trade receivables (Notes 2.5 and 8)	500.4	474.3
Other current assets (Note 9)	152.1	138.5
Inventories (Notes 2.9 and 7)	622.7	620.9
Other current financial assets (Note 22)	0.6	0.0
TOTAL CURRENT ASSETS	**2,064.9**	**1,885.4**
Non-current assets		
Intangible assets (Notes 2.6 and 4)	1,853.3	1,821.1
Goodwill (Notes 2.7 and 5)	2,563.7	2,411.7
Property, plant and equipment (Notes 2.8 and 6)	556.6	560.6
Other investments	0.9	0.8
Deferred tax assets (Notes 2.10 and 20)	93.7	94.5
Other non-current assets	3.1	2.5
TOTAL NON-CURRENT ASSETS	**5,071.3**	**4,891.2**
TOTAL ASSETS	**7,136.2**	**6,776.6**

The accompanying Notes are an integral part of these financial statements.

LIABILITIES AND EQUITY

	Legrand	
(in millions of euros)	**December 31, 2014**	**December 31, 2013**
Current liabilities		
Short-term borrowings (Notes 2.18 and 14.2)	71.4	86.9
Income tax payable	15.0	24.5
Trade payables	481.8	468.8
Short-term provisions (Note 15)	86.6	99.9
Other current liabilities (Note 17)	461.5	441.8
Other current financial liabilities (Note 22)	0.4	0.1
TOTAL CURRENT LIABILITIES	**1,116.7**	**1,122.0**
Non-current liabilities		
Deferred tax liabilities (Notes 2.10 and 20)	658.6	661.8
Long-term provisions (Note 15 and 16.2)	113.9	100.4
Other non-current liabilities	0.8	0.4
Provisions for post-employment benefits (Notes 2.15 and 16.1)	177.0	156.7
Long-term borrowings (Notes 2.18 and 14.1)	1,513.3	1,486.6
TOTAL NON-CURRENT LIABILITIES	**2,463.6**	**2,405.9**
Equity		
Share capital (Note 11)	1,065.4	1,062.4
Retained earnings (Note 13.1)	2,761.9	2,575.8
Translation reserves (Note 13.2)	(281.8)	(400.8)
Equity attributable to equity holders of Legrand	3,545.5	3,237.4
Minority interests	10.4	11.3
TOTAL EQUITY	**3,555.9**	**3,248.7**
TOTAL LIABILITIES AND EQUITY	**7,136.2**	**6,776.6**

The accompanying Notes are an integral part of these financial statements.

9.1.4 - Consolidated Statement of Cash Flows

	Legrand 12 months ended December 31,	
(in millions of euros)	**2014**	**2013**
Profit for the period	**533.3**	**533.3**
Reconciliation of profit for the period to net cash provided by/(used in) operating activities:		
■ Depreciation expense (Note 18.1)	94.5	101.5
■ Amortization expense (Note 18.1)	40.5	39.2
■ Amortization of development costs (Note 18.1)	30.5	27.7
■ Amortization of financial expense	2.1	1.9
■ Impairment of goodwill (Notes 5 and 18.2)	0.0	0.0
■ Changes in deferred taxes	(5.0)	(10.6)
■ Changes in other non-current assets and liabilities (Notes 15 and 16)	20.4	31.8
■ Exchange (gains)/losses, net	11.6	(4.9)
■ Other adjustments	0.8	0.4
■ (Gains)/losses on sales of assets, net	0.0	(0.5)
Changes in operating assets and liabilities:		
■ Inventories (Note 7)	40.2	(49.9)
■ Trade receivables (Note 8)	1.9	(22.9)
■ Trade payables	(16.5)	30.3
■ Other operating assets and liabilities	(27.9)	14.6
Net cash from operating activities	**726.4**	**691.9**
■ Net proceeds from sales of fixed and financial assets	6.3	4.3
■ Capital expenditure (Notes 4 and 6)	(96.3)	(103.9)
■ Capitalized development costs	(29.0)	(29.1)
■ Changes in non-current financial assets and liabilities	(0.4)	(2.7)
■ Acquisitions of subsidiaries, net of cash acquired (Note 3)	(100.7)	(131.7)
Net cash from investing activities	**(220.1)**	**(263.1)**
■ Proceeds from issues of share capital and premium (Note 11)	33.6	23.4
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)	(87.5)	(30.1)
■ Dividends paid to equity holders of Legrand*	(279.3)	(265.1)
■ Dividends paid by Legrand subsidiaries	(3.8)	(3.8)
■ Proceeds from new borrowings and drawdowns (Note 14)	4.2	2.4
■ Repayment of borrowings (Note 14)	(60.0)	(16.5)
■ Debt issuance costs	(1.1)	0.0
■ Net sales (buybacks) of marketable securities	0.3	0.0
■ Increase (reduction) in bank overdrafts	22.9	(3.3)
■ Acquisitions of ownership interests with no gain of control (Note 3)	(28.7)	(1.7)
Net cash from financing activities	**(399.4)**	**(294.7)**
Effect of exchange rate changes on cash and cash equivalents	16.3	(25.6)
Increase (decrease) in cash and cash equivalents	**123.2**	**108.5**
Cash and cash equivalents at the beginning of the period	602.8	494.3
Cash and cash equivalents at the end of the period (Note 10)	**726.0**	**602.8**
Items included in cash flows:		
■ Free cash flow** (Note 24)	607.4	563.2
■ Interest paid*** during the period	69.8	69.6
■ Income taxes paid during the period	216.5	196.8

* *See consolidated statement of changes in equity.*

** *Normalized free cash flow is presented in Note 24.*

*** *Interest paid is included in the net cash from operating activities.*

The accompanying Notes are an integral part of these financial statements.

9.1.5 - Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand						
(in millions of euros)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	Total equity
As of December 31, 2012	**1,057.5**	**2,378.7**	**(208.3)**	**(42.8)**	**3,185.1**	**5.5**	**3,190.6**
Profit for the period		530.5			530.5	2.8	533.3
Other comprehensive income		(3.1)	(192.5)	9.8	(185.8)	(1.6)	(187.4)
Total comprehensive income		*527.4*	*(192.5)*	*9.8*	*344.7*	*1.2*	*345.9*
IAS 19 amendments		(5.3)			(5.3)		(5.3)
Dividends paid		(265.1)			(265.1)	(3.8)	(268.9)
Issues of share capital and premium	4.9	18.5			23.4		23.4
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(30.1)			(30.1)		(30.1)
Change in scope of consolidation**		(35.3)			(35.3)	8.4	(26.9)
Current taxes on share buybacks		(0.4)			(0.4)		(0.4)
Share-based payments		20.4			20.4		20.4
As of December 31, 2013	**1,062.4**	**2,608.8**	**(400.8)**	**(33.0)**	**3,237.4**	**11.3**	**3,248.7**
Profit for the period		531.7			531.7	1.6	533.3
Other comprehensive income		12.2	119.0	(16.2)	115.0	0.2	115.2
Total comprehensive income		*543.9*	*119.0*	*(16.2)*	*646.7*	*1.8*	*648.5*
Dividends paid		(279.3)			(279.3)	(3.8)	(283.1)
Issues of share capital and premium (Note 11)	6.2	27.4			33.6		33.6
Cancellation of shares acquired under the share buyback program (Note 11)	(3.2)	(34.3)			(37.5)		(37.5)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)		(50.0)			(50.0)		(50.0)
Change in scope of consolidation**		(15.2)			(15.2)	1.1	(14.1)
Current taxes on share buybacks		(0.2)			(0.2)		(0.2)
Share-based payments (Note 12.1)		10.0			10.0		10.0
As of December 31, 2014	**1,065.4**	**2,811.1**	**(281.8)**	**(49.2)**	**3,545.5**	**10.4**	**3,555.9**

* *Net of deferred taxes.*

** *Changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated and to puts on non-controlling interests.*

The accompanying Notes are an integral part of these financial statements.

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9.1.6 - Notes to the consolidated financial statements

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NOTE 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 over 80 countries, and sells its products in about 180 countries. Its key markets are France (20.3%), Italy (10.3%), the United States/Canada (19.0%), the Rest of Europe (18.3%) and the Rest of the World (32.1%). The United States/Canada and the new economies represent 57% of the Group sales.

The Company is a *société anonyme* (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The 2013 Registration Document was filed with the AMF on April 2, 2014 under no. D. 14-0274.

The consolidated financial statements were approved by the Board of Directors on February 11, 2015.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

NOTE 2 - ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Commercial Code.

The consolidated financial statements cover the 12 months ended December 31, 2014. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union and applicable or authorized for early adoption from January 1, 2014. None of the IFRSs 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 IFRSs adopted by the European Union as of December 31, 2014 can be downloaded from the "IAS/IFRS Standards and Interpretations" page of the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

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 Company'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 2.20.

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 the notes below.

2.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2014, and applied by the Group in early 2013

Not applicable.

2.1.2 New standards, amendments and interpretations applied by the Group after January 1, 2014 that have no impact on its financial statements

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests

In May 2011, the IASB issued new standards – IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – as well as the resulting amendments to IAS 27, reissued as Separate Financial Statements, and IAS 28, reissued as Investments in Associates and Joint Ventures.

IFRS 10 – Consolidated Financial Statements introduces a single consolidation framework for all types of investee entities, based on the concept of control.

The new IFRS 11 – Joint Arrangements introduces new requirements in recognizing joint arrangements, with in particular the use of the equity method to account for joint ventures.

The new IFRS 12 – Disclosure of Interests in Other Entities integrates into a single standard the disclosures required for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

Amendments to IAS 32 Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB published amendments to IAS 32 "Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities" clarifying the rules for offsetting financial assets and liabilities.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

In May 2013, the IASB published amendments to IAS 36 that require disclosure of the valuation techniques used, as well as of the key assumptions used in the current measurement and previous measurement of fair value when an impairment loss has been recognized (or reversed in the case of assets other than goodwill).

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB published an amendment to IAS 39 that allows hedge accounting to be continued in certain situations where a derivative is novated (*i.e.*, the parties to a contract agree to replace their original contract with a new one).

2.1.3 New standards, amendments and interpretations applied by the Group after January 1, 2014 that have an impact on its financial statements

Not applicable.

2.1.4 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

IFRIC 21 – Levies

In May 2013, the IFRS Interpretation Committee issued IFRIC 21 – Levies which aims to clarify the trigger event for the provisioning for all taxes other than income taxes. This interpretation will modify existing practices for annual taxes whose payment is triggered, for an entity, by being in operations on a specified date or by achieving a certain level of activity.

In June 2014, IFRIC 21 was adopted by the European Union, with mandatory application for annual periods beginning on or after June 17, 2014, earlier application being permitted. Its impact should be recognized retrospectively in accordance with IAS 8.

The Group has decided not to apply IFRIC 21 in early 2014, as this interpretation was not expected to impact significantly the Group's financial statements. Furthermore, such application should have only a timing impact between quarters in the recognition of certain levies.

If the Group had decided to apply IFRIC 21 from January 1, 2014, the impacts for the Group, mainly in France, would have been the following:

- a reduction in first-quarter operating income of around €7 million;
- a reduction in first-half operating income of around €4 million;
- a reduction in nine-month operating income of around €2 million;
- no impact on full-year operating income.

Given that the above reductions in operating income would have been offset by an increase in other current liabilities, IFRIC 21 would have had no impact on free cash flow.

2.1.5 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the Group until future periods

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in IAS 39 – Financial Instruments: Recognition and Measurement. The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets.

As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value.

In addition, IFRS 9 introduces a single impairment model that supersedes the various models set out in IAS 39 and also includes a simplified approach for financial assets that fall within the scope of IFRS 15 – Revenue from Contracts with Customers. This model is based in particular on the notion of expected credit losses, which applies regardless of the financial assets' credit quality.

Lastly, whereas most of the IAS 39 hedge accounting rules still apply, IFRS 9 allows more types of hedge relationships to quality for hedge accounting, in addition to derivatives.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.

IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2017.

The Group is reviewing these standards, to determine their possible impacts on the consolidated financial statements and related disclosures.

2.2 BASIS OF CONSOLIDATION

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Entities consolidated under the equity method are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in such entities are initially recognized at cost and are subsequently accounted for by the equity method.

The Group does not hold interests accounted for under the equity method.

2.3 FOREIGN CURRENCY TRANSLATION

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.

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading "Exchange gains (losses)".

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 entities are sold or substantially liquidated.

A receivable from or payable to a foreign Group entity, whose settlement is not planned or likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under "Translation reserves".

2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value. Marketable securities are not considered as cash equivalents.

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.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

2.5 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

A provision is recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor has defaulted;
- when a debtor is observed to be in financial difficulties, as evidenced by late payments, a rating downgrade or a deteriorating business environment.

2.6 INTANGIBLE ASSETS

2.6.1 Trademarks

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 are classified as having an indefinite useful life when management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

The Group's trademarks that are classified as having an indefinite useful life are used internationally, and therefore contribute to all of the Group's cash-generating units.

2.6.2 Development costs

Costs incurred for the Group's main 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 will be a success, considering its technical, commercial and technological feasibility, and when costs can be measured reliably. Capitalized development costs are amortized from the starting date of the 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.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

2.6.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment.

They include in particular:

- software, which is generally purchased from an external supplier and amortized over 3 years;
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period ranging from 3 to 20 years.

2.6.4 Impairment tests on intangible assets except goodwill

When events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less disposal costs and value in use.

Fair value less disposal costs is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less disposal costs.

Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset. For further information, see Note 2.7.2.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

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 in 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 to be owned by a third party.

2.7 GOODWILL

2.7.1 Business combinations

For each combination, the Group decides to use:

i. either the full goodwill method, which consists of allocating goodwill to minority interests. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination plus the fair value of the non-controlling interests in the combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed;

ii. or the partial goodwill method, whereby no goodwill is allocated to minority interests. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination and b) the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

The cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities.

As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value.

Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

2.7.2 Impairment tests on 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.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs, corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries or to a group of countries, when they either have similar market characteristics or are managed as a single unit.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less disposal costs and value in use.

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 stable growth rate.

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).

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the CGU. It is calculated by applying pre-tax discount rates to pre-tax future cash flows.

Fair value less disposal costs is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. Impairment losses recognized on goodwill are irreversible.

2.8 PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment, and other fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies (see below).

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:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is recorded separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less disposal costs.

2.9 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The production cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 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, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

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.

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.

2.11 REVENUE RECOGNITION

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when ownership title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

2.12 VALUATION OF FINANCIAL INSTRUMENTS

2.12.1 Hierarchical classification of financial instruments

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- level 1: quoted prices for similar instruments;
- level 2: directly observable market inputs other than level 1 inputs;
- level 3: inputs not based on observable market data.

2.12.2 Assessing the fair value of financial instruments

The carrying amounts of cash, short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

2.12.3 Non-derivative financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

2.12.4 Derivatives

Group policy consists of not entering into any transaction of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Accounting treatment of derivative instruments

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative qualifies for hedge accounting, and if so, the nature of the item being hedged.

Put on non-controlling interests

In the particular case of puts written on non-controlling interests without any transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments

In the case of other derivative instruments, the Group analyzes the substance of each transaction and recognizes any changes in fair value in accordance with IAS 39.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 22.

2.13 SHARE-BASED PAYMENT TRANSACTIONS

Share-based payment plans have been implemented, which are settled in either equity or cash.

2.13.1 Equity-settled share-based payment transactions

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 "Employee benefits expense" 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.

2.13.2 Cash-settled share-based payment transactions

When granting long-term employee benefits plans indexed to the share price, the value of the awarded instruments is estimated according to the conditions defined at the plan's inception. This value is remeasured at each period-end and the resulting increase or decrease in expense is recognized as an adjustment to provisions.

2.14 TRANSFERS AND USE OF FINANCIAL ASSETS

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

2.15 POST EMPLOYMENT BENEFIT OBLIGATIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

2.15.1 Pension 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.

Defined contribution 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.

Defined benefit plans

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.

The Group recognizes all actuarial gains and losses outside profit or loss, in the Statement of Recognized Income and Expense (Statement of Comprehensive Income), as allowed under IAS 19, paragraph 120C (revised).

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.

2.15.2 Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The benefits are treated as post-employment benefits under the defined benefit scheme.

2.15.3 Other long-term employee benefits

The Group has implemented plans providing long-term employee benefits to employees, which are recognized in provisions in accordance with IAS 19.

2.16 SEGMENT INFORMATION

The Group is organized for management purposes by countries grouped into geographical segments. Hence, allocation of resources to the various segments and assessement of each segment's performance are performed by Group management on a country basis.

2.17 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

2.18 SHORT- AND LONG-TERM BORROWINGS

Short- and long-term borrowings mainly comprise bonds and bank loans. They 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.

2.19 BORROWING COSTS

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

2.20 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

2.20.1 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, in accordance with the accounting policies presented in Notes 2.6.4 and 2.7.2.

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. The discounted cash flow estimates used for impairment tests on goodwill and trademarks with indefinite useful lives are based to a significant extent on management's judgment.

2.20.2 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 estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

2.20.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

NOTE 3 - CHANGES IN THE SCOPE OF CONSOLIDATION

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2013 were as follows:

2013	March 31	June 30	September 30	December 31
Daneva	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Seico	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
S2S		Balance sheet only	Balance sheet only	8 months' profit
Adlec Power			Balance sheet only	5 months' profit
Tynetec			Balance sheet only	5 months' profit

2014	March 31	June 30	September 30	December 31
Daneva	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Seico	3 months' profit	6 months' profit	9 months' profit	12 months' profit
S2S	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Adlec Power	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Tynetec	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Lastar Inc.	Balance sheet only	3 months' profit	6 months' profit	9 months' profit
Neat	Balance sheet only	Balance sheet only	7 months' profit	10 months' profit
SJ Manufacturing		Balance sheet only	Balance sheet only	7 months' profit

In 2014, companies consolidated in 2013 and in 2014 on the basis presented in the above tables contributed €193.4 million to consolidated revenue and €11.6 million to consolidated profit for the period. All of these companies are fully consolidated.

The main acquisitions carried out in 2014 were as follows:

- the Group acquired Lastar Inc., a frontrunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States. With facilities based primarily in the United States and in China, Lastar Inc. has annual sales of around $130 million;
- the Group acquired a majority stake in Neat, Spain's leader in assisted living and a major player in this market Europe-wide. It acquired 51% of the shares with an option to take full control from 2018. Based in Madrid, Neat has annual sales of over €15 million;
- the Group acquired SJ Manufacturing, a Singaporean frontrunner in racks, Voice-Data-Image cabinets and related products for data centers. SJ Manufacturing's annual sales total nearly €10 million.

In all, acquisitions of subsidiaries (net of cash acquired) and acquisitions of ownership interests with no gain of control came to a total of €129.4 million in 2014, versus €133.4 million in 2013. Of this, acquisitions of subsidiaries (net of cash acquired) accounted for €100.7 million in 2014, compared with €131.7 million in 2013.

NOTE 4 - INTANGIBLE ASSETS (NOTE 2.6)

Intangible assets are as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	265.8	237.0
Developed technology	3.3	3.9
Other intangible assets	176.2	172.2
	1,853.3	**1,821.1**

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives.

Trademarks can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Gross value at the beginning of the period	1,765.5	1,749.3
■ Acquisitions	29.4	41.4
■ Adjustments	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	32.2	(25.2)
Gross value at the end of the period	**1,827.1**	**1,765.5**
Accumulated amortization and impairment at the beginning of the period	(120.5)	(105.0)
■ Depreciation expense	(22.3)	(21.0)
■ Reversals	0.0	0.0
■ Translation adjustments	(10.5)	5.5
Less accumulated amortization and impairment at the end of the period	**(153.3)**	**(120.5)**
NET VALUE AT THE END OF THE PERIOD	**1,673.8**	**1,645.0**

To date, no impairment has been recognized for these trademarks.

Trademarks with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount.

The following impairment testing parameters were used in the period ended December 31, 2014:

		Value in use	
Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Discount rate (before tax)	Growth rate to perpetuity
Value in use	1,408.0	10.4 to 13.1%	2.8 to 3.2%

No impairment was recognized in the period ended December 31, 2014.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2013:

		Value in use	
Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Discount rate (before tax)	Growth rate to perpetuity
Value in use	1,408.0	9.4 to 9.9%	2.8 to 3.2%

No impairment was recognized in the period ended December 31, 2013.

Developed technology can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Gross value at the beginning of the period	578.7	582.0
■ Acquisitions	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	7.1	(3.3)
Gross value at the end of the period	**585.8**	**578.7**
Accumulated amortization and impairment at the beginning of the period	(574.8)	(576.5)
■ Depreciation expense	(0.7)	(0.7)
■ Reversals	0.0	0.0
■ Translation adjustments	(7.0)	2.4
Less accumulated amortization and impairment at the end of the period	**(582.5)**	**(574.8)**
NET VALUE AT THE END OF THE PERIOD	**3.3**	**3.9**

To date, no impairment has been recognized for developed technology.

Other **intangible assets** can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Capitalized development costs	289.8	260.0
Software	96.6	95.0
Other	88.4	76.1
Gross value at the end of the period	**474.8**	**431.1**
Less accumulated amortization and impairment at the end of the period	**(298.6)**	**(258.9)**
NET VALUE AT THE END OF THE PERIOD	**176.2**	**172.2**

To date, no significant impairment has been recognized for these items.

NOTE 5 - GOODWILL (NOTE 2.7)

Goodwill can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
France	676.0	675.8
Italy	366.8	366.8
Rest of Europe	270.2	271.8
USA/Canada	507.1	404.1
Rest of the World	743.6	693.2
	2,563.7	**2,411.7**

For impairment testing purposes, goodwill has been allocated to various countries, grouping cash-generating unit (CGU) which represent the lowest level at which goodwill is monitored.

France, Italy and USA/Canada are each considered to be a single CGU, whereas the Rest of Europe and Rest of the World segments are made up of several CGUs.

In the "Rest of Europe" and "Rest of the World" regions, no final amount of goodwill allocated to a CGU represents more than 10% of total goodwill.

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

Changes in goodwill can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Gross value at the beginning of the period	2,447.5	2,493.3
■ Acquisitions	60.2	108.8
■ Adjustments	(6.4)	(42.4)
■ Translation adjustments	99.7	(112.2)
Gross value at the end of the period	**2,601.0**	**2,447.5**
Impairment value at the beginning of the period	(35.8)	(38.1)
■ Impairment losses	0.0	0.0
■ Translation adjustments	(1.5)	2.3
Impairment value at the end of the period	**(37.3)**	**(35.8)**
NET VALUE AT THE END OF THE PERIOD	**2,563.7**	**2,411.7**

Adjustments correspond to the difference between provisional and final goodwill.

These CGUs are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the CGU.

The following impairment testing parameters were used in the period ended December 31, 2014:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	676.0	9.4%	2%
Italy		366.8	14.6%	2%
Rest of Europe		270.2	8.5 to 20.6%	2 to 5%
USA/Canada		507.1	9.8%	3%
Rest of the World		743.6	8.8 to 21.1%	2 to 5%
		2,563.7		

No goodwill impairment losses were identified in the period ended December 31, 2014.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2013:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	675.8	10.5%	2%
Italy		366.8	15.4%	2%
Rest of Europe		271.8	8.7 to 20.4%	2 to 5%
USA/Canada		404.1	10.5%	3%
Rest of the World		693.2	10.3 to 18.6%	2 to 5%
		2,411.7		

No goodwill impairment losses were identified in the period ended December 31, 2013.

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (Note 2.7.1).

For business combinations, the fair values of the identifiable assets acquired and of liabilities and contingent liabilities assumed are determined on a provisional basis. As a result, the related goodwill is subject to adjustment during the year following the provisional allocation.

Acquisition prices for the twelve months ended December 31, 2014 and December 31, 2013 have been allocated as follows:

(in millions of euros)	12 months ended December 31, 2014	12 months ended December 31, 2013
■ Trademarks	29.3	41.4
■ Deferred taxes on trademarks	(1.1)	(3.4)
■ Developed technology	0.0	0.0
■ Deferred taxes on developed technology	0.0	0.0
■ Other intangible assets	6.0	7.2
■ Deferred taxes on other intangible assets	0.0	0.0
■ Goodwill	60.2	108.8

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (NOTE 2.8)

6.1 ANALYSIS OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in 2014 can be analyzed as follows:

	December 31, 2014				
(in millions of euros)	**Land**	**Buildings**	**Machinery and equipment**	**Assets under construction and other**	**Total**
Gross value					
At the beginning of the period	54.2	580.0	1,621.2	266.8	2,522.2
■ Acquisitions	0.0	6.4	32.9	49.1	88.4
■ Disposals	(0.3)	(19.3)	(59.1)	(6.8)	(85.5)
■ Transfers and changes in scope of consolidation	(0.8)	11.9	31.9	(32.8)	10.2
■ Translation adjustments	0.8	3.8	17.7	12.0	34.3
At the end of the period	**53.9**	**582.8**	**1,644.6**	**288.3**	**2,569.6**
Depreciation and impairment					
At the beginning of the period	(8.1)	(362.7)	(1,402.8)	(188.0)	(1,961.6)
■ Depreciation expense	(0.5)	(17.5)	(64.6)	(11.9)	(94.5)
■ Reversals	0.0	15.6	57.8	6.2	79.6
■ Transfers and changes in scope of consolidation	0.0	(1.9)	(2.8)	(4.5)	(9.2)
■ Translation adjustments	0.0	(2.9)	(14.7)	(9.7)	(27.3)
At the end of the period	**(8.6)**	**(369.4)**	**(1,427.1)**	**(207.9)**	**(2,013.0)**
Net value					
At the beginning of the period	46.1	217.3	218.4	78.8	560.6
■ Acquisitions/Depreciation	(0.5)	(11.1)	(31.7)	37.2	(6.1)
■ Disposals/Reversals	(0.3)	(3.7)	(1.3)	(0.6)	(5.9)
■ Transfers and changes in scope of consolidation	(0.8)	10.0	29.1	(37.3)	1.0
■ Translation adjustments	0.8	0.9	3.0	2.3	7.0
At the end of the period	**45.3**	**213.4**	**217.5**	**80.4**	**556.6**

Total property, plant and equipment includes €8.5 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

Changes in property, plant and equipment in 2013 can be analyzed as follows:

	December 31, 2013				
(in millions of euros)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	56.2	579.3	1,602.4	291.4	2,529.3
■ Acquisitions	0.0	9.7	41.3	44.4	95.4
■ Disposals	(0.7)	(10.4)	(40.6)	(16.2)	(67.9)
■ Transfers and changes in scope of consolidation	0.2	11.6	55.2	(41.1)	25.9
■ Translation adjustments	(1.5)	(10.2)	(37.1)	(11.7)	(60.5)
At the end of the period	**54.2**	**580.0**	**1,621.2**	**266.8**	**2,522.2**
Depreciation and impairment					
At the beginning of the period	(8.2)	(354.5)	(1,375.9)	(214.1)	(1,952.7)
■ Depreciation expense	(0.6)	(19.0)	(68.7)	(13.2)	(101.5)
■ Reversals	0.7	9.6	39.5	14.9	64.7
■ Transfers and changes in scope of consolidation	0.0	(3.7)	(24.2)	16.6	(11.3)
■ Translation adjustments	0.0	4.9	26.5	7.8	39.2
At the end of the period	**(8.1)**	**(362.7)**	**(1,402.8)**	**(188.0)**	**(1,961.6)**
Net value					
At the beginning of the period	48.0	224.8	226.5	77.3	576.6
■ Acquisitions/Depreciation	(0.6)	(9.3)	(27.4)	31.2	(6.1)
■ Disposals/Reversals	0.0	(0.8)	(1.1)	(1.3)	(3.2)
■ Transfers and changes in scope of consolidation	0.2	7.9	31.0	(24.5)	14.6
■ Translation adjustments	(1.5)	(5.3)	(10.6)	(3.9)	(21.3)
At the end of the period	**46.1**	**217.3**	**218.4**	**78.8**	**560.6**

6.2 PROPERTY, PLANT AND EQUIPMENT INCLUDE THE FOLLOWING ASSETS HELD UNDER FINANCE LEASES:

(in millions of euros)	December 31, 2014	December 31, 2013
Land	2.3	2.3
Buildings	30.9	36.1
Machinery and equipment	30.9	31.4
	64.1	**69.8**
Less accumulated depreciation	(38.4)	(39.7)
	25.7	**30.1**

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6.3 FINANCE LEASE LIABILITIES ARE PRESENTED IN THE BALANCE SHEETS AS FOLLOWS:

(in millions of euros)	December 31, 2014	December 31, 2013
Long-term borrowings	11.2	12.4
Short-term borrowings	1.4	1.3
	12.6	**13.7**

6.4 FUTURE MINIMUM LEASE PAYMENTS UNDER FINANCE LEASES ARE AS FOLLOWS:

(in millions of euros)	December 31, 2014	December 31, 2013
Due in less than one year	1.6	1.5
Due in one to two years	1.5	1.5
Due in two to three years	1.4	1.4
Due in three to four years	1.3	1.3
Due in four to five years	1.3	1.3
Due beyond five years	6.1	7.4
	13.2	**14.4**
Of which accrued interest	(0.6)	(0.7)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**12.6**	**13.7**

NOTE 7 - INVENTORIES (NOTE 2.9)

Inventories are as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Purchased raw materials and components	234.2	231.7
Sub-assemblies, work in progress	85.9	90.8
Finished products	408.0	403.4
	728.1	**725.9**
Less impairment	(105.4)	(105.0)
	622.7	**620.9**

NOTE 8 - TRADE RECEIVABLES (NOTE 2.5)

In 2014, the Group derived the large majority of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 23% of consolidated net revenue. The Group estimates that no other distributor accounted for more than 5% of consolidated net revenue.

(in millions of euros)	December 31, 2014	December 31, 2013
Trade accounts and notes receivable	568.5	538.7
Less impairment	(68.1)	(64.4)
	500.4	**474.3**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2014 was €21.5 million (€25.8 million as of December 31, 2013).

Past-due trade receivables can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Less than 3 months past due	91.3	82.3
From 3 to 12 months past due	26.0	21.4
More than 12 months past due	27.8	22.6
	145.1	**126.3**

Provisions for impairment of past-due trade receivables amounted to €60.3 million as of December 31, 2014 (€56.2 million as of December 31, 2013). These provisions break down as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Provisions for receivables less than 3 months past due	9.8	13.3
Provisions for receivables 3 to 12 months past due	22.7	20.3
Provisions for receivables more than 12 months past due	27.8	22.6
	60.3	**56.2**

NOTE 9 - OTHER CURRENT ASSETS

Other current assets are as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Employee advances	3.6	3.2
Other receivables	34.0	28.7
Prepayments	24.7	23.7
Prepaid and recoverable taxes other than income tax	89.8	82.9
	152.1	**138.5**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

NOTE 10 - CASH AND CASH EQUIVALENTS (NOTE 2.4)

Cash and cash equivalents totaled €726.0 million as of December 31, 2014 and corresponded primarily to deposits with an original maturity of less than three months (Note 22.2.1). Out of this amount, about €14.0 million were not available in the short term for the Group.

NOTE 11 - SHARE CAPITAL AND EARNINGS PER SHARE (NOTE 2.17)

Share capital as of December 31, 2014 amounted to €1,065,430,460 represented by 266,357,615 ordinary shares with a par value of €4 each, for 280,545,197 voting rights.

Share capital consists exclusively of ordinary shares. Fully paid-up shares held in registered form in the name of the same shareholder for at least two years carry double voting rights.

As of December 31, 2014, the Group held 493,806 shares in treasury, versus 170,527 shares as of December 31, 2013, *i.e.* 323,279 additional shares consequently to:

- the acquisition of 2,020,000 shares out of the liquidity contract;
- the transfer of 814,221 shares to employees under performance share plans;
- the cancellation of 800,000 shares (refer to 11.1); and
- the net sale of 82,500 shares under the liquidity contract (refer to 11.2.2).

Among the 493,806 shares held in treasury by the Group as of December 31, 2014, 468,806 shares have been allocated according to the allocation objectives described in 11.2.1, and 25,000 shares are held under the liquidity contract.

11.1 CHANGES IN SHARE CAPITAL

Changes in share capital in 2014 were as follows:

	Number of shares	Par value	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2013	265,590,517	4	1,062,362,068	1,108,075,425
Exercise of options under the 2007 plan	138,165	4	552,660	2,929,098
Exercise of options under the 2008 plan	155,650	4	622,600	2,580,677
Exercise of options under the 2009 plan	101,464	4	405,856	925,352
Exercise of options under the 2010 plan	1,171,819	4	4,687,276	20,881,815
Cancellation of shares	(800,000)	4	(3,200,000)	(34,262,266)
As of December 31, 2014	266,357,615	4	1,065,430,460	1,101,130,101

On May 27, 2014, the Board of Directors decided the cancellation of 800,000 shares acquired under the share buyback program (shares bought back in May 2014). The €34,262,266 difference between the buy-back price of the cancelled shares and their par value was deducted from the premium account.

In 2014, 1,567,098 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €33.6 million (premiums included).

11.2 SHARE BUYBACK PROGRAM AND TRANSACTIONS UNDER THE LIQUIDITY CONTRACT

As of December 31, 2014, the Group held 493,806 shares in treasury (170,527 as of December 31, 2013, out of which 63,027 under the share buyback program and 107,500 under the liquidity contract) which can be detailed as follows:

11.2.1 Share buyback program

During 2014, the Group acquired 2,020,000 shares, at a cost of €91,394,476.

As of December 31, 2014, the Group held 468,806 shares, acquired at a total cost of €20,233,807. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (63,885 shares purchased at a cost of €1,700,523);
- for allocation upon sale to employees who choose to re-invest their profit-shares in the Company stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631); and
- for cancellation of 400,000 shares acquired under the share buyback program purchased at a cost of €18,410,653.

11.2.2 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, 2014, the Group held 25,000 shares under this contract, purchased at a total cost of €1,054,334.

During 2014, transactions under the liquidity contract led to a cash inflow of €4,104,013 corresponding to net sales of 82,500 shares.

11.3 EARNINGS PER SHARE

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2014	December 31, 2013
Profit attributable to equity holders of Legrand *(in millions of euros)*	A	531.7	530.5
Average number of shares (excluding shares held in treasury)	B	265,703,963	264,932,592
Average dilution from:			
Performance shares		*1,216,927*	*1,570,422*
Stock options		*2,180,559*	*2,443,512*
Average number of shares after dilution (excluding shares held in treasury)	C	269,101,449	268,946,526
Number of stock options and performance share grants outstanding at the period end		5,018,871	7,429,316
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(1,937,500)	(867,500)
Shares allocated during the period under performance share plans		814,221	848,557
Basic earnings per share *(euros)* (Note 2.18)	A/B	2.001	2.002
Diluted earnings per share *(euros)* (Note 2.18)	A/C	1.976	1.973
Dividend per share *(euros)*		1.050	1.000

As above-mentioned, during 2014, the Group:

- issued 1,567,098 shares under the stock option plans;
- transferred 814,221 shares under performance share plans, out of the 2,020,000 shares bought back for this purpose in 2014; and
- sold a net 82,500 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2014, earnings per share and diluted earnings per share would have amounted to €2.000 and €1.966 respectively for the twelve months ended December 31, 2014.

During 2013, the Group:

- issued 1,215,642 shares under the stock option plans;
- transferred 848,557 shares under performance share plans, out of the 860,000 shares bought back for this purpose in 2013; and
- bought back a net 7,500 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, 2013, basic earnings per share and diluted earnings per share would have amounted to €1.999 and €1.962 respectively for the twelve months ended December 31, 2013.

NOTE 12 - STOCK OPTION PLANS, PERFORMANCE SHARE PLANS AND EMPLOYEE PROFIT-SHARING (NOTE 2.13)

12.1 2007 TO 2012 LEGRAND PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

12.1.1 Performance share plans

No performance share plans have been implemented since the 2012 Plan. As explained in Note 16.2, long term employee benefits plans were implemented from 2013.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2010 Plan(1)	2011 Plan(2)	2012 Plan(3)
Date approved by shareholders	May 15, 2007	May 27, 2010	May 26, 2011
Grant date	March 4, 2010	March 3, 2011	March 7, 2012
Total number of share rights granted	896,556	1,592,712	985,656
o/w to Executive Directors	*62,163*	*127,888*	*30,710*
■ Gilles Schnepp	38,373	65,737	30,710
■ Olivier Bazil	23,790	62,151	
End of vesting period	French tax residents: March 5, 2012 Non-residents: March 5, 2014	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 6, 2014 Non-residents: March 5, 2014	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of shares acquired as of December 31, 2014	(834,310)	(710,271)	(386,295)
Number of share rights cancelled or forfeited	(62,246)	(75,934)	(25,665)
SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2014	**0**	**806,507**	**573,696**

(1) **2010 Plan:** *This plan concerns performance share rights granted in 2010 in respect of 2009 performance. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2010 meeting. The number of rights was deliberately limited, on beneficiaries' suggestion.*

(2) **2011 Plan:** *This plan concerns performance share rights granted in 2011 in respect of 2010 performance. The Board of Directors set the 2010 economic earnings* target for the 2011 Plan at the start of 2010. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 3, 2011 meeting. In addition, starting with the 2011 Plan, a second set of performance conditions decided by the Board of Directors applies to substantially all of the performance share rights granted to executive directors. They include an external performance condition (consolidated net margin compared with the margins reported by Legrand's peer group over a four-year period) and two internal performance conditions (economic earnings* and economic margin performance over successive four-year periods). In summary, shares granted to executive directors under the 2011 Plan in respect of 2010 were subject to two sets of performance conditions, one applicable at the date of grant and the other at the end of the vesting period. The vesting period for performance share rights granted to the executive directors of the Company ended in 2013. Therefore, at its meeting of March 6, 2013, the Board of Directors reviewed the related performance conditions and, noting that these conditions had been met in full, determined that all of the performance share rights initially granted to the executive directors had vested.*

(3) **2012 Plan:** *For this plan, which concerns 2011 performance, the Board of Directors set the 2011 economic earnings* target at the start of 2011. At its March 7, 2012 meeting, the Board of Directors granted 30,710 performance share rights to Gilles Schnepp based on actual 2011 economic earnings* compared with the target. In addition, on the recommendation of the Nominations and Compensation Committee, the Board decided to adjust the vesting conditions by setting an additional performance objective. If this objective was not met, some or all of the performance shares could not vest. As a matter of fact, the shares in the initial grant would not vest in their entirety unless value creation over the long term had been demonstrated by achieving growth in economic earnings* over the four-year period immediately preceding the vesting date. However, if this first condition was not met, Mr. Schnepp could still retain the right to some of the shares based on a second condition, i.e. whether the Group's economic margin performance exceeded that of the companies in its peer group over the same period. The vesting period for performance share rights granted to Mr. Schnepp ended in 2014. Therefore, at its meeting of March 5, 2014, the Board of Directors reviewed the related performance conditions and, noting that the first performance condition had been met, determined that all of the performance share rights initially granted to Mr. Schnepp, i.e. 30,710, had vested.*

* *Adjusted operating profit minus cost of capital employed.*

If all these shares were to vest (*i.e.* 1,380,203 shares), the Company's capital would be diluted by 0.5% as of December 31, 2014.

A total of 27,911 of performance share rights were granted under the 2012 Plan (based on 2011 performance) to the ten grantees other than executive directors who received the greatest number of rights.

12.1.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil	38,536	68,648	45,664	83,295
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.20 Average closing price over the 20 trading days preceding the grant date	€20.58 Average closing price over the 20 trading days preceding the grant date	€13.12 Average closing price over the 20 trading days preceding the grant date	€21.82 Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of options exercised as of December 31, 2014	(1,004,897)	(1,120,900)	(579,260)	(1,177,328)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(236,589)
STOCK OPTIONS OUTSTANDING AS OF DECEMBER 31, 2014	**525,819**	**773,100**	**498,940**	**1,840,809**

(1) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(2) The 2007 stock options were granted based on the Company's 2006 economic earnings compared with the target set for that year.*

(3) The 2008 stock options were granted based on the Company's 2007 economic earnings compared with the target set for that year.*

(4) The 2009 stock options were granted based on the Company's 2008 economic earnings compared with the target set for that year. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its March 4, 2009 meeting.*

(5) The 2010 stock options were granted based on the Company's 2009 economic earnings compared with the target set for that year. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options that was determined by the Board of Directors at its March 4, 2010 meeting. The number of options was deliberately limited, on beneficiaries' suggestion.*

* *Adjusted operating profit minus cost of capital employed.*

The weighted average market price of the Company stock upon exercises of stock options in 2014 was €44.28.

If all these options were to be exercised (*i.e.* 3,638,668 options), the Company's capital would be diluted by a maximum of 1.4% (this is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2014.

12.1.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €10.0 million was recorded for 2014 (2013: €20.4 million) for all of these plans combined. See also Note 16.2 for long term employee benefits plans implemented from 2014 (Note 2.13).

12.2 EMPLOYEE PROFIT-SHARING

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €30.4 million was recorded in 2014 for statutory and discretionary profit-sharing plans (including payroll taxes).

NOTE 13 - RETAINED EARNINGS AND TRANSLATION RESERVES

13.1 RETAINED EARNINGS

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2014 amounted to €2,761.9 million.

As of the same date, the parent company – Legrand – had retained earnings including profit for the period of €1,286.8 million available for distribution.

13.2 TRANSLATION RESERVES

As explained in Note 2.3, the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in millions of euros)	**December 31, 2014**	**December 31, 2013**
US dollar	(73.6)	(156.3)
Other currencies	(208.2)	(244.5)
	(281.8)	**(400.8)**

The Group operates in more than 80 countries. It is mainly exposed to a dozen currencies other than euro and US dollar, out of which the Brazilian real, Indian roupee, Turkish lira, Chilean peso, Australian dollar, Russian rouble and Chinese yuan.

As explained in Note 2.12, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Losses on these bonds recognized in the translation reserve in 2014 amounted to €39.0 million, resulting in a net negative balance of €41.8 million as of December 31, 2014.

In addition, as indicated in Note 2.3, translation gains and losses on receivables or payables are treated as part of a net investment in the related foreign Group entity. Gains recognized in the translation reserve in 2014 amounted to €3.1 million, resulting in a net negative balance of €1.7 million as of December 31, 2014.

NOTE 14 - LONG-TERM AND SHORT-TERM BORROWINGS (NOTE 2.18)

14.1 LONG-TERM BORROWINGS

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support medium-term business growth while guaranteeing a robust financial position over the long term.

Long-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
8 ½% debentures	318.9	279.5
Bonds	1,100.0	1,100.8
Other borrowings*	102.0	114.8
	1,520.9	1,495.1
Debt issuance costs	(7.6)	(8.5)
	1,513.3	**1,486.6**

* *Including €49.7 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€55.2 million as of December 31, 2013).*

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 22.2.2):

(in millions of euros)	December 31, 2014	December 31, 2013
Euro	1,140.6	1,155.3
US dollar	318.9	279.5
Other currencies	61.4	60.3
	1,520.9	**1,495.1**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2014 can be analyzed by maturity as follows:

(in millions of euros)	*8 ½% debentures*	Bonds	Other borrowings
Due in one to two years			37.6
Due in two to three years		300.0	18.8
Due in three to four years		400.0	29.3
Due in four to five years		0.0	9.1
Due beyond five years	318.9	400.0	7.2
	318.9	**1,100.0**	**102.0**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2013 can be analyzed by maturity as follows:

(in millions of euros)	8 ½% *debentures*	Bonds	Other borrowings
Due in one to two years		0.8	6.4
Due in two to three years		0.0	45.2
Due in three to four years		300.0	36.3
Due in four to five years		400.0	19.6
Due beyond five years	279.5	400.0	7.3
	279.5	**1,100.8**	**114.8**

Average interest rates on borrowings are as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
8½% *debentures*	8.50%	8.50%
Bonds	3.75%	3.73%
Other borrowings	2.23%	2.17%

14.1.1 2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract.

This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, *i.e.* up to July 2021, at improved financing terms compared with October 2011.

Funds drawndown are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2014, this spread was 25 bps. In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2014, the Credit Facility had not been drawn down.

14.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance.

In December 2013, a number of debenture holders offered the Group to buy back their securities, also known as Yankee bonds. 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.

14.1.3 Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

14.2 SHORT-TERM BORROWINGS

Short-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Commercial paper	15.0	0.0
Other borrowings	56.4	86.9
	71.4	**86.9**

NOTE 15 - PROVISIONS

Changes in provisions in 2014 are as follows:

	December 31, 2014					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.8	72.9	15.8	20.6	75.2	200.3
Changes in scope of consolidation	0.3	0.0	0.5	4.9	0.0	5.7
Increases	6.3	20.6	2.3	9.0	41.5	79.7
Utilizations	(3.5)	(6.3)	(4.7)	(17.7)	(5.1)	(37.3)
Reversals of surplus provisions	(2.0)	(26.7)	0.0	(1.7)	(8.1)	(38.5)
Reclassifications	0.0	1.7	(3.1)	(0.1)	(8.2)	(9.7)
Translation adjustments	0.7	0.6	0.5	0.6	(2.1)	0.3
AT END OF PERIOD	**17.6**	**62.8**	**11.3**	**15.6**	**93.2**	**200.5**
Of which non-current portion	*5.6*	*35.9*	*8.0*	*1.2*	*63.2*	*113.9*

Other provisions include long term provisions for employee benefits, including mainly a €38.6 million provision for the long-term employee benefits described in Note 16.2 (see also consolidated statement of equity for stocks options plans and performance shares plans previously granted and described in Note 12).

Other provisions also include a €13.8 million provision for environmental risks corresponding mainly to the depollution costs for property assets held for sale.

Changes in provisions in 2013 were as follows:

	December 31, 2013					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	24.1	57.9	45.9	22.6	62.4	212.9
Changes in scope of consolidation	0.3	0.2	0.4	0.0	0.1	1.0
Increases	3.9	23.8	0.4	14.3	28.0	70.4
Utilizations	(4.2)	(3.3)	(5.7)	(11.8)	(9.5)	(34.5)
Reversals of surplus provisions	(2.7)	(13.9)	(4.1)	(0.6)	(8.2)	(29.5)
Reclassifications	(4.8)	10.1	(20.5)	(1.6)	9.0	(7.8)
Translation adjustments	(0.8)	(1.9)	(0.6)	(2.3)	(6.6)	(12.2)
AT END OF PERIOD	**15.8**	**72.9**	**15.8**	**20.6**	**75.2**	**200.3**
Of which non-current portion	*5.0*	*45.2*	*13.5*	*1.2*	*35.5*	*100.4*

NOTE 16 - PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS (NOTE 2.15)

16.1 PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
France (Note 16.1.2)	97.6	89.9
Italy (Note 16.1.3)	39.8	37.3
United Kingdom (Note 16.1.4)	13.4	8.3
United States (Note 16.1.5)	14.2	8.7
Other countries	18.7	16.4
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**183.7**	**160.6**
Of which current portion	*6.7*	*3.9*

The total amount of those liabilities is €183.7 million as of December 31, 2014 (€160.6 million as of December 31, 2013) and is analyzed in Note 16.1.1, which shows total liabilities of €352.8 million as of December 31, 2014 (€302.9 million as of December 31, 2013) less total assets of €169.1 million as of December 31, 2014 (€142.3 million as of December 31, 2013).

The provisions recorded in the balance sheet correspond to the portion of the total liability remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on actuarial assumptions, and the net residual value of the plan assets at that date.

16.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Defined benefit obligation		
Projected benefit obligation at beginning of period	302.9	316.3
Service cost	9.0	8.7
Interest cost	11.0	9.7
Benefits paid	(17.0)	(17.8)
Employee contributions	0.5	0.3
Plan amendments	(0.1)	0.7
Actuarial loss/(gain)	30.9	(7.1)
Curtailments, settlements, special termination benefits	(0.5)	(0.1)
Translation adjustments	17.1	(7.0)
Other	(1.0)	(0.8)
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**352.8**	**302.9**
Fair value of plan assets		
Fair value of plan assets at beginning of period	142.3	135.0
Expected return on plan assets	6.3	5.0
Employer contributions	10.4	11.6
Employee contributions	0.7	0.6
Benefits paid	(12.2)	(13.2)
Actuarial (loss)/gain	8.5	7.6
Translation adjustments	13.9	(4.3)
Other	(0.8)	0.0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (II)	**169.1**	**142.3**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) - (II)	**183.7**	**160.6**
Current liability	6.7	3.9
Non-current liability	177.0	156.7

Actuarial losses recognized in equity (comprehensive income for the period) as of December 31, 2014 amounted to €22.4 million (€16.2 million after tax).

These €22.4 million actuarial losses resulted from:

- €28.4 million losses from changes in financial assumptions;
- €0.4 million losses from changes in demographic assumptions; and
- €6.4 million 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: Citibank Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €23.5 million and would increase the liability as of December 31, 2014 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 €9.6 million and would increase the liability as of December 31, 2014 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in millions of euros)	
2015	14.4
2016	11.9
2017	13.6
2018	14.5
2019 and beyond	298.4
	352.8

The impact on profit is as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Service cost	(9.0)	(8.7)
Net interest cost	(4.7)	(4.7)
Other	0.8	(0.6)
	(12.9)	**(14.0)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2014:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		43.9	63.4	51.8
Debt instruments		50.2	34.7	42.9
Insurance funds	100.0	5.9	1.9	5.3
	100.0	**100.0**	**100.0**	**100.0**

16.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €97.6 million as of December 31, 2014 (€89.9 million as of December 31, 2013) corresponding to the difference between the projected benefit obligation of €99.5 million as of December 31, 2014 (€92.1 million as of December 31, 2013) and the fair value of the related plan assets of €1.9 million as of December 31, 2014 (€2.2 million as of December 31, 2013).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 2.75%, a discount rate and an expected return on plan assets of 2.0% (respectively 3.0% and 3.0% in 2013).

16.1.3 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, these 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 €39.8 million as of December 31, 2014 (€37.3 million as of December 31, 2013).

The calculation was based on a discount rate of 1.49% (3.0% in 2013).

16.1.4 Provisions for retirement benefits and other post-employment benefits in 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.

Contributions are calculated as a percentage of each participant's salary while he or she is employed by the UK subsidiary. Upon retirement, participants may choose to receive a lump sum representing up to 25% of their total benefit entitlement, and a regular pension whose amount depends on the amount of the lump-sum payment, if any.

The plan's trustees include three people employed by the subsidiary and two former employees who have retired. They are advised by an independent actuary.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.3% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 45.5% and retired participants for 52.2%.

Plan assets include equities for 43.9%, debt securities for 50.2% and insurance funds for 5.9%. All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €13.4 million as of December 31, 2014 (€8.3 million as of December 31, 2013), corresponding to the difference between the projected benefit obligation of €100.7 million (€80.9 million as of December 31, 2013) and the fair value of the related plan assets of €87.3 million (€72.6 million as of December 31, 2013).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 4.0%, a discount rate and an expected return on plan assets of 3.5% (respectively 4.4% and 4.4% in 2013).

16.1.5 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.

The trustee-administered plan is funded by employer contributions. Benefits for certain salaried plan participants are a percentage of their salary, which varies based on the participant's seniority. Benefits for certain hourly plan participants are a flat dollar amount based on the participant's seniority.

Salaried participants may choose to receive benefits either in a single lump sum payment or as a regular pension. Hourly participants receive benefits as a regular pension.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds.

The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 29.1% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 13.2% and retired participants for 57.7%.

Plan assets include equities (mainly US companies) for 63.4%, debt securities (mainly US bonds) for 34.7% and insurance funds for 1.9%. All of these assets are marked to market.

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 €14.2 million as of December 31, 2014 (€8.7 million as of December 31, 2013), corresponding to the difference between the projected benefit obligation of €82.5 million (€65.1 million as of December 31, 2013) and the fair value of the related plan assets of €68.3 million (€56.4 million as of December 31, 2013).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 3.82% (respectively 3.5% and 4.5% in 2013).

16.2 OTHER LONG-TERM EMPLOYEE BENEFITS

The Group implemented long-term employee benefits plans for members of the Group Executive Committee, including the Chairman and Chief Executive Officer and for other employees deemed to be key for the Group, assuming the grantee is still present within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, as the case may be, depend on the Group's future achievement of economic performance with or without indexation on the share price.

The plan based on the share price will be cash-settled and, in accordance with IFRS 2, the corresponding liability has thus 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.

For the twelve months ended December 31, 2014, an expense of €25.2 million was recognized in operating profit in respect to these plans. As mentioned in Note 15, the resulting provision amounted to €38.6 million as of December 31, 2014 (including payroll taxes). See also Note 12.1 for stock option plans and performance shares plans previously granted and Note 12.1.4 for IFRS 2 charges accounted for in previous and actual periods.

NOTE 17 - OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Tax liabilities	70.3	66.2
Accrued employee benefits expense	194.9	186.1
Statutory and discretionary profit-sharing reserve	24.9	26.6
Payables related to fixed asset purchases	14.2	15.3
Accrued expenses	62.3	50.6
Accrued interest	47.0	46.2
Deferred revenue	9.3	15.0
Pension and other post-employment benefit obligations	6.8	3.9
Other current liabilities	31.8	31.9
	461.5	**441.8**

NOTE 18 - ANALYSIS OF CERTAIN EXPENSES

18.1 ANALYSIS OF OPERATING EXPENSES

Operating expenses include the following main categories of costs:

(in millions of euros)	December 31, 2014	December 31, 2013
Raw materials and component costs	(1,471.5)	(1,437.8)
Personnel costs	(1,170.8)	(1,143.5)
Depreciation expense	(94.5)	(101.5)
Amortization expense	(71.0)	(66.9)

As of December 31, 2014 the Group had 33,556 employees on the payroll (December 31, 2013: 33,272).

18.2 ANALYSIS OF OTHER OPERATING INCOME AND EXPENSE

(in millions of euros)	December 31, 2014	December 31, 2013
Restructuring costs	(21.7)	(29.3)
Goodwill impairment	0.0	0.0
Other	(25.1)	(42.9)
	(46.8)	**(72.2)**

Other operating income and expense primarily include impairment losses and reversals on trade receivables (Note 8) and inventories (Note 7) and provisions for contingencies (Note 15).

NOTE 19 - TOTAL NET FINANCIAL EXPENSE

19.1 EXCHANGE GAINS AND LOSSES

(in millions of euros)	December 31, 2014	December 31, 2013
Exchange gains and losses	1.5	(1.8)

19.2 NET FINANCIAL EXPENSE

(in millions of euros)	December 31, 2014	December 31, 2013
Financial income	8.6	6.8
Change in fair value of financial instruments	0.0	0.1
Total financial income	8.6	6.9
Financial expense	(85.6)	(87.7)
Change in fair value of financial instruments	(0.3)	0.0
Total financial expense	(85.9)	(87.7)
NET FINANCIAL EXPENSE	**(77.3)**	**(80.8)**

Financial expense corresponds essentially to interest costs on borrowings (Note 14).

NOTE 20 - INCOME TAX EXPENSE (NOTE 2.10)

Income tax expense consists of the following:

(in millions of euros)	December 31, 2014	December 31, 2013
Current taxes:		
France	(67.9)	(70.7)
Outside France	(176.3)	(167.7)
	(244.2)	**(238.4)**
Deferred taxes:		
France	3.5	(5.7)
Outside France	2.3	10.6
	5.8	**4.9**
Total income tax expense:		
France	(64.4)	(76.4)
Outside France	(174.0)	(157.1)
	(238.4)	**(233.5)**

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 €771.7 million in 2014 versus €766.8 million in 2013:

(tax rate)	December 31, 2014	December 31, 2013
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ Additional contributions in France	0.41%	0.66%
■ Effect of foreign income tax rates	(5.00%)	(5.01%)
■ Non-taxable items	(1.43%)	(0.10%)
■ Income taxable at specific rates	0.52%	0.55%
■ Other	2.09%	0.00%
	31.02%	**30.53%**
Impact on deferred taxes of:		
■ Changes in tax rates	0.05%	0.05%
■ Recognition or non-recognition of deferred tax assets	(0.18%)	(0.13%)
EFFECTIVE TAX RATE	**30.89%**	**30.45%**

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 of euros)	December 31, 2014	December 31, 2013
Deferred taxes recorded by French companies	(304.3)	(309.2)
Deferred taxes recorded by foreign companies	(260.6)	(258.1)
	(564.9)	**(567.3)**
Origin of deferred taxes:		
■ Impairment losses on inventories and receivables	46.6	44.0
■ Margin on inventories	19.4	22.4
■ Recognized operating losses carried forward	8.0	11.5
■ Finance leases	(4.2)	(13.5)
■ Fixed assets	(143.4)	(131.5)
■ Trademarks	(533.7)	(532.7)
■ Developed technology	(1.1)	(1.3)
■ Other provisions	30.3	25.4
■ Statutory profit-sharing	3.4	2.4
■ Pensions and other post-employment benefits	46.2	39.9
■ Fair value adjustments to derivative instruments	(1.8)	(2.0)
■ Other	(34.6)	(31.9)
	(564.9)	**(567.3)**
■ Of which deferred tax assets	93.7	94.5
■ Of which deferred tax liabilities	(658.6)	(661.8)

Short and long-term deferred taxes can be analyzed as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Deferred taxes – short term	76.9	73.9
Deferred taxes – long term	(641.8)	(641.2)
	(564.9)	**(567.3)**

Tax losses carried forward break down as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Recognized operating losses carried forward	**31.3**	**40.3**
Recognized deferred tax assets	8.0	11.5
Unrecognized operating losses carried forward	**149.7**	**128.3**
Unrecognized deferred tax assets	38.5	32.8
Total net operating losses carried forward	**181.0**	**168.6**

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

NOTE 21 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

21.1 SPECIFIC TRANSACTIONS

Specific commitments and their expiry dates are discussed in the following notes:

- Note 6: Property, plant and equipment;
- Note 16: Pension and other post-employment benefit obligations.

21.2 ROUTINE TRANSACTIONS

21.2.1 Financial guarantees

(in millions of euros)	December 31, 2014	December 31, 2013
Assets mortgaged or pledged as collateral	16.9	18.5
Guarantees given to banks	172.0	168.3
Guarantees given to other organizations	31.7	28.6
	220.6	**215.4**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

21.2.2 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in millions of euros)	December 31, 2014	December 31, 2013
Due within one year	45.9	45.7
Due in one to two years	35.5	38.5
Due in two to three years	27.7	30.3
Due in three to four years	21.6	22.4
Due in four to five years	17.0	18.2
Due beyond five years	47.5	48.9
	195.2	**204.0**

21.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €7.4 million as of December 31, 2014.

21.3 CONTINGENT LIABILITIES

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

NOTE 22 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

22.1 FINANCIAL INSTRUMENTS

22.1.1 Derivatives

	December 31, 2014			
(in millions of euros)	**Financial income and expense, net**	**Equity**	**Book value**	**IFRS designation**
Exchange rate derivatives				
Forwards and options designated as fair value hedges	7.9		0.2	FVH*
Forward contracts designated as net investment hedges				NIH**
Commodity derivatives				
Futures and options				FVH*
Interest rate derivatives				
Interest rate caps				FVH*
	7.9		**0.2**	

* *Fair Value Hedge.*

** *Net Investment Hedge.*

All financial instruments are classified in Level 2 of the fair value hierarchy described in Note 2.12.

22.1.2 Impact of financial instruments

	12 months ended December 31, 2014			
		Impact on equity		
(in millions of euros)	**Impact on financial income and expense, net**	**Fair value**	**Translation adjustment**	**Other**
Trade receivables				
Trade payables				
Borrowings	(71.2)		(39.0)	
Derivatives	7.9			
	(63.3)		**(39.0)**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in Note 2.12).

22.1.3 Breakdown of balance sheet items by type of financial instrument

	December 31, 2014					December 31, 2013
			Type of financial instrument			
(in millions of euros)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	500.4	500.4		500.4		474.3
Other current financial assets	0.6	0.6			0.6	0.0
TOTAL CURRENT ASSETS	**501.0**	**501.0**		**500.4**	**0.6**	**474.3**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	71.4	71.4		71.4		86.9
Trade payables	481.8	481.8		481.8		468.8
Other current financial liabilities	0.4	0.4			0.4	0.1
TOTAL CURRENT LIABILITIES	**553.6**	**553.6**		**553.2**	**0.4**	**555.8**
Non-current liabilities						
Long-term borrowings	1,513.3	1,659.1		1,513.3		1,486.6
TOTAL NON-CURRENT LIABILITIES	**1,513.3**	**1,659.1**		**1,513.3**		**1,486.6**

Only items classified as "Other current financial assets and liabilities" are measured at fair value. In accordance with IFRS 13, fair value measurement of other current financial assets 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.

22.2 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 who 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.

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in millions of euros)	December 31, 2014	December 31, 2013
Other current financial assets	**0.6**	**0.0**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.6	0.0
Other current financial liabilities	**0.4**	**0.1**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.4	0.1

22.2.1 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, 2014							December 31, 2013
(in millions of euros)	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								
Variable rate	726.6	2.5					729.1	605.8
Financial liabilities**								
Fixed rate	(3.8)	(14.4)	(317.0)	(410.6)	(7.7)	(718.9)	(1,472.4)	(1,439.0)
Variable rate	(67.6)	(23.2)	(1.8)	(18.7)	(1.4)	(7.2)	(119.9)	(143.0)
Net exposure								
Fixed rate	(3.8)	(14.4)	(317.0)	(410.6)	(7.7)	(718.9)	(1,472.4)	(1,439.0)
Variable rate	659.0	(20.7)	(1.8)	(18.7)	(1.4)	(7.2)	609.2	462.8

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, this adjustment will be amortized to profit or loss as a deduction to financial expense in the period through March 2015, *i.e.* over the initial life of the swaps. The gain recognized in 2014 was €3.5 million (€3.5 million in 2013).

As part of Group's interest rate risk management policy, further interest rate swaps may be set up in the future, based on changes in market conditions.

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

	December 31, 2014		December 31, 2013	
(in millions of euros)	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	3.9	3.9	3.1	3.1
Impact of a 100-bps decrease in interest rates	(4.8)	(4.8)	(4.1)	(4.1)

The impact of a 100 basis point increase in interest rates would result in a gain of €3.9 million due to a net positive variable-rate exposure. Conversely, the impact of a 100 basis points decrease in interest rates would result in a loss of €4.8 million.

22.2.2 Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

	December 31, 2014					December 31,2013
(in millions of euros)	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	404.4	(1,193.3)	(788.9)	(51.3)	(840.2)	(853.1)
US dollar	79.3	(350.9)	(271.6)	81.9	(189.7)	(240.6)
Other currencies	245.4	(48.1)	197.3	(30.6)	166.7	117.5
	729.1	**(1,592.3)**	**(863.2)**	**0.0**	**(863.2)**	**(976.2)**

* *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, 2014		December 31, 2013	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in millions of euros)	10% increase		10% increase	
US dollar	2.6	34.5	1.3	29.3
Other currencies	3.2	7.8	1.4	11.7

	December 31, 2014		December 31, 2013	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in millions of euros)	10% decrease		10% decrease	
US dollar	(2.4)	(31.4)	(1.2)	(26.6)
Other currencies	(2.9)	(7.1)	(1.3)	(10.6)

"Natural" hedges are preferred, in particular by balancing the breakdown by currency of net debt with the breakdown by currency of operating profit.

If required, when the acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward contracts to hedge its exchange rate risk. As of December 31, 2014 the Group has set up forward contracts in Australian dollars, in Brazilian reals, and in US dollars which are accounted for in the balance sheet at their fair value.

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2014			December 31, 2013
(in millions of euros)	Operating assets*	Operating liabilities**	Net exposure	Net exposure
Euro	398.7	(565.6)	(166.9)	(141.2)
US dollar	246.7	(127.5)	119.2	80.2
Other currencies	629.8	(336.8)	293.0	284.1
	1,275.2	**(1,029.9)**	**245.3**	**223.1**

* *Operating assets: trade receivables, inventories and other receivables, net of impairment.*

** *Operating liabilities: trade payables, short-term provisions and other current liabilities.*

The table below presents the breakdown of net sales and operating expenses by currency as December 31, 2014:

(in millions of euros)	Net sales		Operating expenses	
Euro	1,874.7	41.7%	1,437.3	39.3%
US dollar	954.5	21.2%	812.9	22.3%
Other currencies	1,669.9	37.1%	1,401.4	38.4%
	4,499.1	**100.0%**	**3,651.6**	**100.0%**

As shown in the above table, 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 2014 in a decrease in net revenue of approximately €238.6 million (€233.6 million in 2013) and a decrease in operating profit of approximately €37.3 million (€36.9 million in 2013), while a 10% decrease would have resulted in 2014 in an increase in net revenue of approximately €262.4 million (€257.0 million in 2013) and an increase in operating profit of approximately €41.0 million (€40.6 million in 2013).

22.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Raw materials consumption (except components) amounted to around €430.0 million in 2014.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €43.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group did not set up any such hedging contracts in 2014.

22.2.4 Credit risk

As explained in Note 8, 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.

22.2.5 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 daily follow up of ratings and Credit Default Swap rates of any one of these counterparties.

22.2.6 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€855.6 million as of December 31, 2014) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2025. The average maturity of gross debt is six years.

Legrand is rated A- Stable Outlook by Standard & Poor's, attesting to the strength of the Group's business model and balance sheet.

Rating agency	Long term debt	Outlook
S&P	A-	Stable

NOTE 23 - INFORMATION RELATING TO CORPORATE OFFICERS

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee.

Compensation and benefits provided to the members of the Board of Directors for their services are detailed in the following table:

(in millions of euros)	December 31, 2014	December 31, 2013
Compensation (amounts paid during the period)		
Fixed compensation	3.5	3.6
Variable compensation	2.0	1.4
Other short-term benefits(1)	0.1	0.1
Pension benefits and other post-employment benefits(2)	**0.1**	**1.3**
Other long-term benefits (charge for the period)(3)	**3.6**	**1.3**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period)(4)	**0.8**	**2.3**

(1) Other short-term benefits include benefits in kind.

(2) Change in the obligation's present value (in accordance with IAS 19).

(3) As per the long-term employee benefits plans described in Note 16.2.

(4) As per the performance share plans and the stock option plans described in Note 12.

NOTE 24 - INFORMATION BY GEOGRAPHICAL SEGMENT (NOTE 2.16)

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system.

12 months ended December 31, 2014 *(in millions of euros)*	**Geographical segments**					**Items not allocated to segments**	**Total**
	Europe			**USA/ Canada**	**Rest of the world**		
	France	**Italy**	**Others**				
Revenue to third parties	**1,033.0**	**499.6**	**809.5**	**874.5**	**1,282.5**		**4,499.1**
Cost of sales	(385.7)	(182.8)	(458.7)	(434.9)	(735.1)		(2,197.2)
Administrative and selling expenses, R&D costs	(398.3)	(160.3)	(205.9)	(298.8)	(344.3)		(1,407.6)
Other operating income (expense)	(3.4)	(0.4)	(12.6)	(6.6)	(23.8)		(46.8)
Operating profit	**245.6**	**156.1**	**132.3**	**134.2**	**179.3**		**847.5**
■ of which acquisition-related amortization, expense and income*							
■ accounted for in administrative and selling expenses, R&D costs	(3.7)	0.0	(2.8)	(12.1)	(14.3)		(32.9)
■ accounted for in other operating income (expense)							0.0
■ of which goodwill impairment							0.0
Adjusted operating profit	**249.3**	**156.1**	**135.1**	**146.3**	**193.6**		**880.4**
■ of which depreciation expense	(27.6)	(20.9)	(14.0)	(8.8)	(22.7)		(94.0)
■ of which amortization expense	(2.6)	(3.9)	(0.9)	(2.2)	(1.1)		(10.7)
■ of which amortization of development costs	(21.7)	(7.0)	0.0	(1.5)	(0.5)		(30.5)
■ of which restructuring costs	(9.0)	(3.2)	(3.0)	0.5	(7.0)		(21.7)
Net cash provided by operating activities						726.4	726.4
Net proceeds from sales of fixed and financial assets						6.3	6.3
Capital expenditure	(24.2)	(16.3)	(20.5)	(7.9)	(27.4)		(96.3)
Capitalized development costs	(21.6)	(6.5)	(0.7)	(0.1)	(0.1)		(29.0)
Free cash flow**						**607.4**	**607.4**
Normalized free cash flow***						**607.5**	**607.5**
Normalized free cash flow as % of sales							**13.5%**
Current operating assets excluding taxes	196.4	117.8	242.1	212.2	506.7		1,275.2
Net tangible assets	175.7	113.4	87.2	47.7	132.6		556.6
Current operating liabilities excluding taxes	346.1	172.4	98.8	125.0	287.6		1,029.9

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a working capital requirement representing 10% of the last 12 months' sales, and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.*

12 months ended December 31, 2013 *(in millions of euros)*	Geographical segments – Europe – France	Italy	Others	USA/Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**1,053.9**	**522.5**	**800.1**	**773.3**	**1,310.6**		**4,460.4**
Cost of sales	(391.2)	(184.0)	(465.7)	(378.8)	(736.9)		(2,156.6)
Administrative and selling expenses, R&D costs	(403.2)	(163.8)	(200.2)	(269.2)	(345.8)		(1,382.2)
Other operating income (expense)	(14.3)	(5.6)	(4.4)	(13.6)	(34.3)		(72.2)
Operating profit	**245.2**	**169.1**	**129.8**	**111.7**	**193.6**		**849.4**
■ of which acquisition-related amortization, expense and income*							
■ accounted for in administrative and selling expenses, R&D costs	(6.0)	0.0	(2.6)	(10.7)	(13.6)		(32.9)
■ accounted for in other operating income (expense)							0.0
■ of which goodwill impairment							0.0
Adjusted operating profit	**251.2**	**169.1**	**132.4**	**122.4**	**207.2**		**882.3**
■ of which depreciation expense	(30.5)	(22.9)	(13.3)	(9.0)	(25.1)		(100.8)
■ of which amortization expense	(3.5)	(4.1)	(1.1)	(2.0)	(1.1)		(11.8)
■ of which amortization of development costs	(19.6)	(7.1)	0.0	(0.7)	(0.3)		(27.7)
■ of which restructuring costs	(15.1)	(1.1)	(0.5)	(4.2)	(8.4)		(29.3)
Net cash provided by operating activities						691.9	691.9
Net proceeds from sales of fixed and financial assets						4.3	4.3
Capital expenditure	(23.6)	(16.7)	(25.3)	(8.8)	(29.5)		(103.9)
Capitalized development costs	(22.6)	(5.7)	(0.2)	(0.4)	(0.2)		(29.1)
Free cash flow**						**563.2**	**563.2**
Normalized free cash flow***						**588.8**	**588.8**
Normalized free cash flow as % of sales							**13.2%**
Current operating assets excluding taxes	223.5	123.2	257.7	148.5	480.8		1,233.7
Net tangible assets	182.5	124.8	87.6	44.1	121.6		560.6
Current operating liabilities excluding taxes	352.8	177.9	108.7	101.2	269.9		1,010.5

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a working capital requirement representing 10% of the last 12 months' sales and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.*

NOTE 25 - QUARTERLY DATA – UNAUDITED

25.1 QUARTERLY REVENUE BY GEOGRAPHICAL SEGMENT (BILLING REGION)

(in millions of euros)	1st quarter 2014	1st quarter 2013
France	270.7	268.7
Italy	143.4	151.7
Rest of Europe	199.1	187.5
USA/Canada	181.9	185.0
Rest of the world	289.2	300.0
TOTAL	**1,084.3**	**1,092.9**

(in millions of euros)	2nd quarter 2014	2nd quarter 2013
France	268.7	271.2
Italy	133.1	137.4
Rest of Europe	193.9	197.3
USA/Canada	225.7	207.5
Rest of the world	318.9	347.7
TOTAL	**1,140.3**	**1,161.1**

(in millions of euros)	3rd quarter 2014	3rd quarter 2013
France	227.9	231.5
Italy	109.3	114.2
Rest of Europe	205.6	197.6
USA/Canada	235.2	202.6
Rest of the world	321.3	318.7
TOTAL	**1,099.3**	**1,064.6**

(in millions of euros)	4th quarter 2014	4th quarter 2013
France	265.7	282.5
Italy	113.8	119.2
Rest of Europe	210.9	217.7
USA/Canada	231.7	178.2
Rest of the world	353.1	344.2
TOTAL	**1,175.2**	**1,141.8**

25.2 QUARTERLY INCOME STATEMENTS

(in millions of euros)	1st quarter 2014	1st quarter 2013
Revenue	**1,084.3**	**1,092.9**
Operating expenses		
Cost of sales	(517.6)	(525.5)
Administrative and selling expenses	(294.1)	(297.9)
Research and development costs	(48.8)	(50.6)
Other operating income (expense)	(12.9)	(10.3)
Operating profit	**210.9**	**208.6**
Financial expense	(20.9)	(22.9)
Financial income	2.2	3.1
Exchange gains (losses)	(0.5)	(3.9)
Total net financial expense	(19.2)	(23.7)
Profit before tax	**191.7**	**184.9**
Income tax expense	(61.5)	(60.1)
Profit for the period	**130.2**	**124.8**
Attributable to:		
■ **Equity holders of Legrand**	**129.5**	**124.5**
■ **Minority interests**	**0.7**	**0.3**

(in millions of euros)	2nd quarter 2014	2nd quarter 2013
Revenue	**1,140.3**	**1,161.1**
Operating expenses		
Cost of sales	(552.9)	(553.0)
Administrative and selling expenses	(308.1)	(303.1)
Research and development costs	(46.8)	(49.9)
Other operating income (expense)	(7.0)	(21.6)
Operating profit	**225.5**	**233.5**
Financial expense	(21.4)	(20.0)
Financial income	2.0	0.2
Exchange gains (losses)	0.4	(2.2)
Total net financial expense	(19.0)	(22.0)
Profit before tax	**206.5**	**211.5**
Income tax expense	(64.1)	(65.1)
Profit for the period	**142.4**	**146.4**
Attributable to:		
■ **Equity holders of Legrand**	**142.0**	**145.3**
■ **Minority interests**	**0.4**	**1.1**

(in millions of euros)	3rd quarter 2014	3rd quarter 2013
Revenue	**1,099.3**	**1,064.6**
Operating expenses		
Cost of sales	(540.8)	(517.9)
Administrative and selling expenses	(298.2)	(283.5)
Research and development costs	(47.5)	(45.2)
Other operating income (expense)	(11.2)	(13.1)
Operating profit	**201.6**	**204.9**
Finance costs	(21.6)	(21.2)
Financial income	2.0	1.5
Exchange gains (losses)	1.5	4.0
Total net finance expense	(18.1)	(15.7)
Profit before tax	**183.5**	**189.2**
Income tax expense	(56.7)	(56.3)
Profit for the period	**126.8**	**132.9**
Attributable to:		
■ **Equity holders of Legrand**	**126.8**	**132.3**
■ **Minority interests**	**0.0**	**0.6**

(in millions of euros)	4th quarter 2014	4th quarter 2013
Revenue	**1,175.2**	**1,141.8**
Operating expenses		
Cost of sales	(585.9)	(560.2)
Administrative and selling expenses	(314.0)	(299.9)
Research and development costs	(50.1)	(52.1)
Other operating income (expense)	(15.7)	(27.2)
Operating profit	**209.5**	**202.4**
Financial expense	(22.0)	(23.6)
Financial income	2.4	2.1
Exchange gains (losses)	0.1	0.3
Total net financial expense	(19.5)	(21.2)
Profit before tax	**190.0**	**181.2**
Income tax expense	(56.1)	(52.0)
Profit for the period	**133.9**	**129.2**
Attributable to:		
■ **Equity holders of Legrand**	**133.4**	**128.4**
■ **Minority interests**	**0.5**	**0.8**

NOTE 26 - LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements comprise the financial statements of Legrand and its 170 subsidiaries.

All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of December 31, 2014 are as follows:

French subsidiaries	
Groupe Arnould	
Legrand France	
Legrand SNC	
Foreign subsidiaries	
Bticino Spa	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Daneva	Brazil
DongGuan Rocom Electric	China
EMB Electrical Industries	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Inform Elektronik	Turkey
Kontaktor	Russia
Lastar Inc.	United States
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Group Belgium	Belgium
Legrand Group España	Spain
Legrand Group Pty Ltd	Australia
Legrand Home Systems	United States
Legrand Polska	Poland
Legrand SNC FZE	United Arab Emirates
Legrand Zrt	Hungary
Middle Atlantic Products Inc.	United States
Minkels BV	Netherlands
Novateur Electrical and Digital Systems (NEDS)	India
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At December 31, 2014 all subsidiaries were wholly owned except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 96%-owned, Megapower, which is 80%-owned, Adlec Power, which is 70%-owned, and Neat which is 51%-owned.

NOTE 27 - SUBSEQUENT EVENTS

No significant events occurred between December 31, 2014 and the date when the consolidated financial statements were prepared.

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9.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS, IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2014

Statutory Auditors' Report on the Consolidated Financial Statements

For the Year ended December 31, 2014

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

LEGRAND
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2014 on:

- the audit of the accompanying consolidated financial statements of Legrand;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of French Company Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Goodwill and intangible assets represent respectively € 2.563.7 million and € 1.853.3 million of the total consolidated assets of your Company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in Notes 2.6 and 2.7 of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in Notes 4 and 5 of the consolidated financial statements is appropriate.

These assessments were made as part of our audit approach of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we also verified the information presented in the Group management report in accordance with professional standards applicable in France.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 11, 2015
The Statutory Auditors

PricewaterhouseCoopers Audit
Édouard Sattler

Deloitte & Associés
Jean-Marc Lumet

9.3 - REPORT OF THE STATUTORY AUDITORS

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	Amount in euros (excluding taxes)		*%*		*Amount in euros (excluding taxes)*		*%*	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Audit services								
Statutory audit, certification and review of the parent company and consolidated financial statements	**1,713,375**	**1,765,774**	**54%**	**53%**	**1,956,724**	**1,779,194**	**95%**	**87%**
Of which								
■ Issuer	273,948	271,474	9%	8%	273,948	270,285	13%	13%
■ Fully consolidated subsidiaries	1,439,427	1,494,300	45%	45%	1,682,776	1,508,909	81%	74%
Other work and services directly related to the audit assignment*	**725,588**	**1,043,973**	**23%**	**31%**	**82,300**	**201,865**	**4%**	**10%**
Of which								
■ Issuer	35,375	47,356	1%	1%	79,100	37,675	4%	2%
■ Fully consolidated subsidiaries	690,213	996,617	22%	30%	3,200	164,190	0%	8%
SUB-TOTAL, AUDIT	**2,438,963**	**2,809,747**	**77%**	**85%**	**2,039,024**	**1,981,060**	**99%**	**97%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, social security	731,275	503,754	23%	15%	29,555	63,463	1%	3%
Other	11,112	1,986	0%	0%	0	4,335	0%	0%
SUB-TOTAL, OTHER	**742,387**	**505,740**	**23%**	**15%**	**29,555**	**67,798**	**1%**	**3%**
TOTAL	**3,181,350**	**3,315,487**	**100%**	**100%**	**2,068,579**	**2,048,857**	**100%**	**100%**

* *These services mainly correspond to work conducted in the course of certain acquisitions.*

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9.4 - DIVIDEND POLICY

The Company may decide to pay dividends at the recommendation of the Board of Directors and following a decision of its shareholders at the annual Shareholder's General Meeting. However, the Company is under no obligation to pay dividends and the decision on whether or not to recommend the payment 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 future prospects;
- the interests of the Company's shareholders;
- general business conditions; 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 paid. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to pay dividends in certain circumstances.

Dividends paid in respect of the 2011, 2012 and 2013 financial years were as follows:

Financial year	Number of shares entitled to dividends	Net dividend
2011	263,449,797 shares with a par value of €4	€0.93
2012	265,130,755 shares with a par value of €4	€1
2013	265,956,606 shares with a par value of €4	€1.05

All dividends paid in 2011, 2012 and 2013 were eligible for the 40% tax credit (*abattement*) provided for in Article 158-3-2 of the French Tax Code.

Subject to the approval of the Shareholders' General Meeting to be held on May 29, 2015, the Company will pay a dividend of €1.10 per share[(1)] for the 2014 financial year, on June 4, 2015.

(1) For more information about the dividend's composition, the reader is invited to read the third resolution and the presentation of the agenda in appendix 4 of the present document.

9.5 - LEGAL PROCEEDINGS AND ARBITRATION

With regard to the environment, and mainly due to the prior operations of the Group and its predecessors, Legrand is the subject of a number of disputes similar to those affecting other industrial groups operating in the manufacturing industry. These include complaints and requests for remedial action for groundwater and soil pollution related to emissions and the discharge of hazardous substances and waste. New information or future developments, such as amendments to the law (or to its interpretation), environmental conditions, or Legrand's operations could, however, result in increased environmental costs and liabilities which could have a material impact on Legrand's results or financial position.

Legrand is also involved in various other legal proceedings related to the day-to-day running of its operations. The Group does not expect the outcome of these proceedings to have a material adverse impact on its business, financial position or cash flows, either individually or in aggregate.

The Company is not aware of any government, legal or arbitration proceedings (or any proceedings of which the Company is aware that are pending or threatened) during the last twelve months that have recently had or are likely to have a material impact on the financial position or profitability of the Company and/or Group.

9.6 - MATERIAL CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION

At the date of publication of this Registration Document, there have been no material changes in Legrand's financial or trading position since the publication of the 2014 annual financial statements.

9.7 - MATERIAL AGREEMENTS

To the Group's knowledge, other than the agreements entered into in the normal course of business, including those relative to acquisitions, disposals or financing operations mentioned in this Registration Document (2011 amended Loan Agreement described in Note 14 to the consolidated financial statements mentioned in chapter 9 of this Registration Document), there are no other material agreements signed by the companies in the Group in the two years preceding the date of this document, still in force on that date, and which include terms giving rise to an obligation or commitment that could have a material impact on the Group's business, financial position or cash flow.

However, under certain agreements, significant commitments and guarantees have been granted by Legrand or its subsidiaries. In the course of its operating activities, the Group is committed to the payment of rents spread over several years, under the terms of operating lease agreements, amounting to a total of €195.2 million as at December 31, 2014. All of these off balance sheet commitments are presented in Note 21 to the consolidated financial statements of this Registration Document.

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9.8 - CAPITAL EXPENDITURE

9.8.1 - Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €125.3 million in 2014 (€133.0 million in 2013 and €120.6 million in 2012), representing 2.8% of the Group's consolidated sales (3.0% in 2013 and 2.7% in 2012). See sections 6.5.1.2 and 6.6 of this Registration Document for further details on these items.

9.8.2 - Investments in equity interests: the Group's primary acquisitions

Legrand has pursued its strategy of targeted self-financed acquisitions of small and medium-sized companies with positions in high-growth markets such as the new economies and/or new business segments. In 2014 it announced three acquisitions with total acquired annual sales of more than €120 million.

Below are extracts from related press releases:

- Lastar Inc., a frontrunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States. With operations primarily in the United States and China, Lastar Inc. reports annual revenue of $130 million;
- Neat, Spain's leader in assisted living systems and a major player in this market Europe-wide. Based in Madrid, Neat reports annual sales of more than €15 million;
- SJ Manufacturing, Singapore's leading manufacturer of racks, Voice-Data-Image cabinets and related products for data centers. SJ Manufacturing reports annual revenue of almost €10 million.

During the 2013 financial year, Legrand made four acquisitions. Below are extracts from related press releases:

- Seico, the Saudi leader in industrial metal cable trays. The company has three production sites in Saudi Arabia which manufacture all of its output, and its 2012 sales totaled around €23 million;
- S2S Onduleurs, a French specialist in uninterruptible power supply (UPS). The move strengthens Legrand's position in the fast-growing UPS market, building on the solid sales and service network of S2S, which reported sales of over €20 million in 2012;
- Adlec Power, a leading Indian manufacturer of distribution boards. Legrand holds 70% of the equity with an option to take full control from July 2018. Based in the Delhi region, Adlec Power generates annual sales of approximately €23 million;
- Tynetec, a leading player in assisted living systems in the UK. Based in the Newcastle area, Tynetec has annual sales of more than €15 million;

During the 2012 financial year, Legrand made four acquisitions. Below are extracts from related press releases:

- Numeric UPS, India's market leader in low- and medium-power UPS (uninterruptible power supply). Based mainly in southeast India, Numeric UPS has eight production sites and reported sales of approximately €80 million in 2011;
- Aegide, market leader in VDI (Voice, Data, Image) cabinets for data centers in the Netherlands and a front-running European contender in this market. Based near Eindhoven, Aegide reported sales of more than €36 million in 2011;
- Daneva, Brazil's leader in connection accessories. Based near Sao Paulo, Daneva reported sales of around €28 million in 2011;
- NuVo Technologies, specialized in home multi-room audio systems (MRA) in the United States. Formed in 2002 and based in Hebron, Kentucky, NuVo Technologies is expected to post sales of approximately US$20 million for 2012, 65% of which will have been generated in the US.

9.8.3 - Principal investments in process

In 2015, the Group plans to continue its strategy of targeted growth through acquisitions and, as of the date of publication of this Registration Document, had no other operation to be mentioned than the ones listed in paragraph 9.8.2.

ADDITIONAL INFORMATION 10

10.1 - INFORMATION ABOUT THE COMPANY

10.1.1 - Company's name

The Company's name is "Legrand".

10.1.2 - Place of registration and registration number

The Company is registered in the Limoges *Registre du commerce et des sociétés* under number 421 259 615.

10.1.3 - Date and duration of incorporation

The Company was initially formed in France on December 22, 1998 as a French stock corporation (*société anonyme*). It was transformed into a simplified joint stock company (*société par actions simplifiée*) by an Extraordinary General Meeting of Shareholders on December 5, 2001. The Company was again transformed into a French stock corporation (*société anonyme*) by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

10.1.4 - Registered office

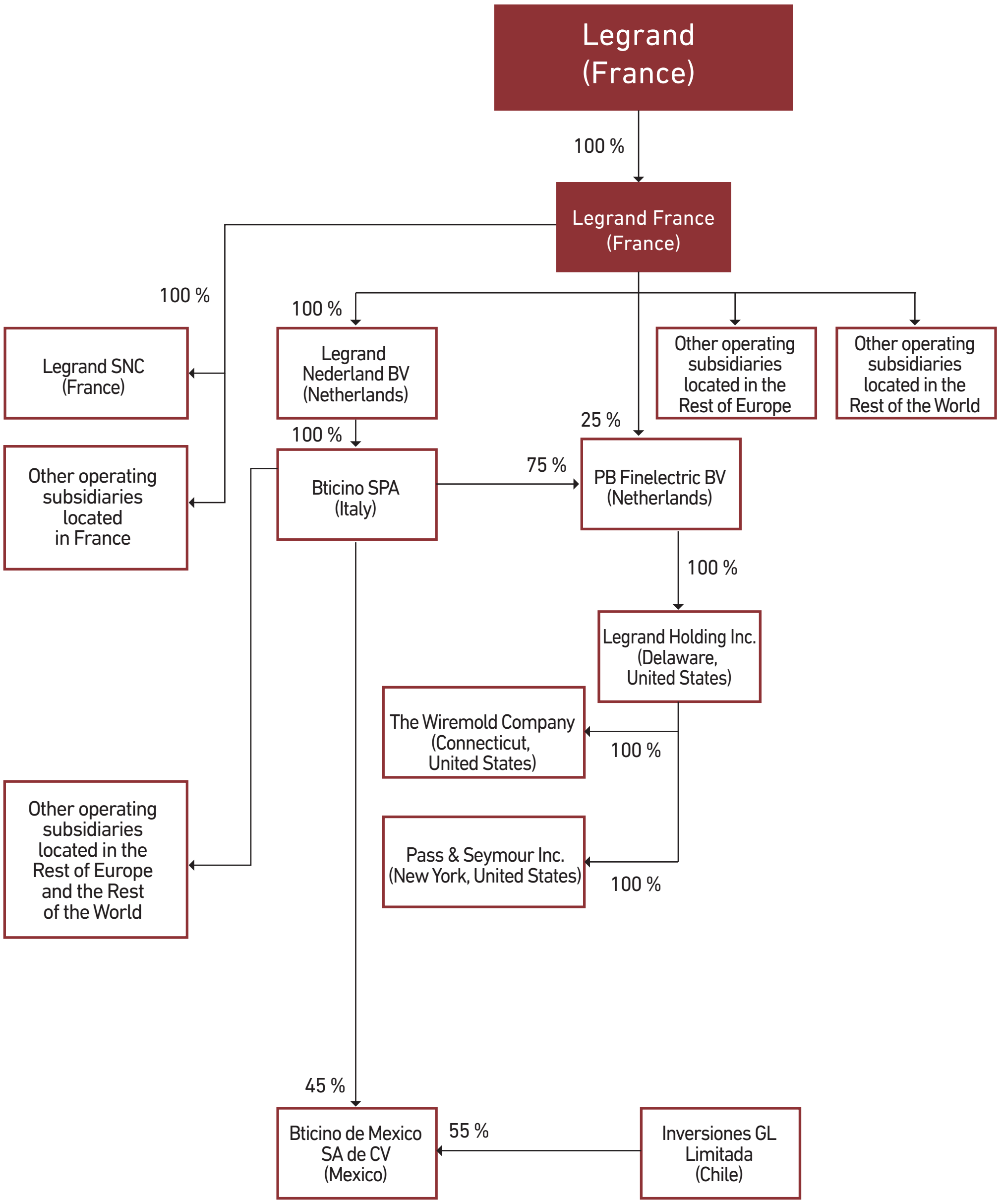
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

10.1.5 - Legal form and applicable law

Legrand is a French stock corporation (*société anonyme*) with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

10.1.6 - Simplified organizational chart



10.1.7 - Subsidiaries

The Group is made up of the Company and the 170 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in chapter 9 (Note 26) of this Registration Document. All Legrand Group subsidiaries are fully consolidated.

The Company is the parent company of the Legrand Group. Its main business consists in providing general management and financial services to manage the Group's operations. Please see (i) section 8.4 of this Registration Document for a description of related party transactions, and (ii) the Management Report in

Appendix 2 below for the list of offices held by the Chairman and Chief Executive Officer in the Group's subsidiaries.

Legrand France is the Company's wholly-owned main operating subsidiary. As at December 31, 2014, the subsidiaries are all wholly controlled, either directly or indirectly, by the Company, with the exception of Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, all of them being over 96% owned; Megapower, being 80% owned; Adlec, being 70% owned; and Neat, being 51% owned.

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 Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries that hold interests in the Group are:

BTICINO DE MEXICO SA DE CV (MEXICO)

Bticino de Mexico SA de CV is a variable capital joint stock company formed under Mexican law, with its registered office at Carretera 57, Qro a S.L.P Km 22.7, Santa Rosa de Jauregui, 76220 Queretaro. The primary purpose of Bticino de Mexico SA de CV is the design, manufacture and marketing of electrical products and systems. Bticino de Mexico SA de CV was formed on January 30, 1952 and entered the Group's scope of consolidation on August 15, 1989. Bticino de Mexico SA de CV is 45% owned by Bticino SpA and 55% owned by Inversiones GL Limitada.

BTICINO SPA (ITALY)

Bticino SpA is a joint stock company formed under Italian law, with its registered office at Viale Borri 231, 21100 Varese. The primary purpose of Bticino SpA is the design, manufacture and marketing of electrical products and systems. Bticino SpA entered the Group's scope on July 1, 1989 and is wholly owned by Legrand Nederland BV.

INVERSIONES GL LIMITADA (CHILE)

Inversiones GL Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Inversiones GL Limitada is to take equity stakes in other companies. Inversiones GL Limitada was formed and entered the Group's scope of consolidation on December 26, 2001. Inversiones GL Limitada is owned by two registered Chilean companies.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operating subsidiary in France. It is a French stock corporation (*société anonyme*), registered in the Limoges commercial registry (*Registre du commerce et des sociétés*) under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc. is to take equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and entered the Group's scope of consolidation on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is the manufacture and marketing of metal cable trays. Legrand Nederland BV was formed and entered the Group's scope of consolidation on December 27, 1972. Legrand Nederland BV is wholly-owned by Legrand France.

LEGRAND SNC (FRANCE)

Legrand SNC is a general partnership formed under French law, registered in the Limoges commercial registry (*Registre du commerce et des sociétés*) under number 389 290 586, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand SNC is the marketing and distribution of Legrand brand products. Legrand SNC was formed and entered the Group's scope of consolidation on December 8, 1992. Legrand SNC is wholly owned by Legrand France.

PASS & SEYMOUR INC. (UNITED STATES)

Pass & Seymour Inc. is incorporated under US law, registered in New York and has its registered offices at 50 Boyd Avenue, Syracuse, NY 13221. The primary purpose of Pass & Seymour Inc. is the design, manufacture and marketing of electrical wiring devices. Pass & Seymour Inc. was formed on July 23, 1984 and entered the Group's scope on October 31, 1984. Pass & Seymour Inc. is wholly owned by Legrand Holding Inc. In addition, Pass & Seymour holds equity stakes in other Group operating companies located in the United States.

PB FINELECTRIC BV (NETHERLANDS)

PB Finelectric BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of PB Finelectric BV is to take equity stakes in other companies. PB Finelectric BV was formed and entered the Group's scope of consolidation on December 19,

1991. PB Finelectric BV is 75% owned by Bticino SpA with the remaining 25% held by Legrand France.

THE WIREMOLD COMPANY (UNITED STATES)

The Wiremold Company is incorporated under US law, registered in Connecticut and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of The Wiremold Company is the design, manufacture and marketing of cable trays. Wiremold Company was formed on December 24, 1919 and entered the Group's scope of consolidation on January 8, 2000. Wiremold Company is wholly owned by Legrand Holding Inc.

10.2 - SHARE CAPITAL

Unless otherwise indicated, the information presented in this section is dated December 31, 2014.

10.2.1 - Subscribed share capital and share capital authorized but not issued

Taking into account the number of shares as at December 31, 2014, the Company's share capital amounts to €1,065,430,460, divided into 266,357,615 shares with a nominal value of €4 each.

The Company's shares are fully paid up and all of the same class. The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable laws and regulations.

10.2.1.1 DELEGATIONS AND FINANCIAL AUTHORIZATIONS CURRENTLY IN FORCE

At the date of this Registration Document, the Company's Board of Directors was granted the following financial authorizations by the shareholders at the Shareholders' General Meetings held on May 24, 2013 and May 27, 2014:

Authorizations and delegations granted by the Shareholders'	Duration of the delegation Expiration date	Terms and conditions of the delegation	Use of the delegation during the 2014 financial year
		Shareholders' General Meeting of May 24, 2013	
Authorization for the purpose of granting one or more allotments of options for the subscription or purchasing of shares to employees and/or executive directors (Resolution 8)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the options granted pursuant to this authorization and the shares granted pursuant to Resolution 9	Nil
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (Resolution 9)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the free shares allotted pursuant to this authorization and the options granted pursuant to Resolution 8	Nil
		Shareholders' General Meeting of May 27, 2014	
Authorization for the purpose of allowing the Company to trade its own shares (Resolution 10)	18 months November 27, 2015	Limit: 10% of the share capital at May 27, 2014 Maximum amount allocated: €500 million Maximum purchase price per share: €60	€106.32 million
Authorization for the purpose of reducing the share capital by cancellation of shares (Resolution 11)	26 months July 27, 2016	Limit: 10% of the share capital at May 27, 2014	Cancellation of 800,000 shares

Authorizations and delegations granted by the Shareholders'	Duration of the delegation Expiration date	Terms and conditions of the delegation	Use of the delegation during the 2014 financial year
Issue of ordinary shares or securities providing access to Company's ordinary shares or entitlement to debt securities, with preferred subscription rights maintained (Resolution 12)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases by issue of shares or securities giving access to equity of €200 million – the "Overall Capital Increase Limit") Overall nominal amount of bonds and other debt securities likely to be issued pursuant to the delegation: may not exceed €2 billion (this amount is included in the overall limit for debt securities of €2 billion – the "Overall Debt Securities Limit")	Nil
Issue, by public offering, of ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (Resolution 13)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by Resolution 14 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €1 billion (this amount is included in the limit of €1 billion set by Resolution 14 and in the Overall Debt Securities Limit)	Nil
Issue, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code (private placement), of ordinary shares or securities providing access to the Company's share capital or entitlement to debt securities, with preferred subscription rights waived (Resolution 14)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million nor 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 13 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolution 13 and in the Overall Debt Securities Limit)	Nil
Increase in the issue amounts, made with preferred subscription rights maintained or waived in the event of excess demand (Resolution 15)	26 months July 27, 2016	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided pursuant to Resolutions 12, 13 or 14	Nil
Capital increase through incorporation of reserves, profits, premiums or other items (Resolution 16)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million, it being noted that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Shareholders' General Meeting of May 27, 2014	Nil
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (Resolution 17)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by Resolutions 13 and 14 and in the Overall Capital Increase Limit)	Nil
Issues of shares or securities providing access to share capital as consideration for contributions in kind to the Company with preferred subscription rights waived (Resolution 18)	26 months July 27, 2016	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this delegation: included in the nominal limit of €100 million set by Resolutions 13 and 14 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to the delegation: may not exceed €500 million (this total nominal amount is included in the limit of €1 billion set by Resolutions 13 and 14 and in the Overall Debt Securities Limit)	Nil

It should be noted that a draft resolution (Resolution 8) to restrict the implementation of financial authorizations currently in force during periods of public offerings of the Company's securities will be submitted to the Shareholders' General Meeting of May 29, 2015.

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10.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF MAY 29, 2015

At the Shareholders' General Meeting to be held on May 29, 2015, shareholders will be asked to renew the following authorizations and financial delegations (see the draft resolutions shown in Appendix 4 of this Registration Document):

Authorization/delegation	Duration and expiration date	Terms and conditions of the delegation Maximum nominal amount
Authorization for the purpose of allowing the Company to trade its own shares (Resolution 7)	18 months November 29, 2016	Limit: 10% of the share capital at May 29, 2015 Maximum amount allocated: €1,000 million Maximum purchase price per share: €70

Note that the authorization to allow the Company to trade its own shares may only be used outside periods of public offerings of the Company's securities.

10.2.2 - Acquisition by the Company of its own shares

10.2.2.1 CURRENT SHARE BUYBACK PROGRAM

Use of the authorization granted at the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 27, 2014

On May 27, 2014, 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 27, 2014:

Transaction	Duration of authorization and expiration date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (Resolution 10)	18 months November 27, 2015	500	10% of the Company's share capital at May 27, 2014
Cancellation of the shares so purchased, and capital reduction (Resolution 11)	26 months July 27, 2016		10% of the Company's share capital at May 27, 2014, per 24-month period

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs.

During 2014, the Company purchased a total of 2,483,815 shares at a total cost of €104,255,770 (€16,286,748 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 24, 2013, and €87,969,022 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 27, 2014) and sold 2,566,315 shares for a total of €107,486,864, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) and were approved by the French Financial Markets Authority (*Autorité des marchés financiers*) in its decision of March 22, 2005.

At December 31, 2014, the balance on the liquidity agreement stood at 25,000 shares.

Excluding liquidity agreements, the Company bought back 2,020,000 shares at a cost of €91,293,557. Trading costs totaled €270,519. Of these 2,020,000 shares, the Company (i) transferred 814,221 shares to employees under the bonus share award plans and (ii) cancelled 800,000 shares.

At December 31, 2014, the Company held 493,806 shares with a nominal value of €4 each, for a total of €1,975,224 or 0.19% of its share capital. Valued at cost at the time of purchase, these shares totaled €21,229,545.

Description of the current share buyback program

The full description of the current share buyback program is available on the Company's website (www.legrand.com).

10.2.2.2 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 18, 2015 for submission to shareholders at the Shareholders' General Meeting on May 29, 2015 provide for the renewal of the authorization of the share buyback program up to a limit of 10% of the share capital and €1,000 million for a maximum purchase price of €70 per share.

Draft resolutions are listed in Appendix 4 to this Registration Document.

10.2.3 - Other securities providing access to share capital

At the date of registration of this Registration Document, there are no securities other than shares providing access to the Company's share capital.

10.2.4 - Changes in the share capital

During the 2014 financial year, the par value of the Company's share capital increased by €6,268,392 due to the issue of 1,567,098 shares following the exercise of options for the subscription of shares.

Changes in the share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Incorporation	12/22/1998	40,000	40,000	–	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	–	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and reduction in the number of shares	02/24/2006	569,513,175	–	–	759,350,900	189,837,725	4
Capital increase by way of a public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved for GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	05/02/2006	2,303,439	9,213,756	36,279,164*	1,078,773,504	269,693,376	4
Recognition of capital increase following exercise of options for the subscription of shares	11/07/2007	1,282,363	5,129,452	–	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase following exercise of options for the subscription of shares	11/05/2008	977,784	3,911,136	–	1,051,260,512	262,815,128	4
Recognition of capital increase following exercise of options for the subscription of shares	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase following exercise of options for the subscription of shares	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase following exercise of options for the subscription of shares	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on vesting of bonus shares	03/30/2011	120,635	482,540	–	1,053,127,924	263,281,981	4
Recognition of capital increase following exercise of options for the subscription of shares	02/08/2012	107,014**	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase following exercise of options for the subscription of shares	02/13/2013	985,880***	3,943,520	17,963,560	1,057,499,500	264,374,875	4
Recognition of capital increase following exercise of options for the subscription of shares	02/12/2014	1,215,642****	4,862,568	18,523,223	1,062,362,068	265,590,517	4

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value (in euros)	Issue premium (in euros)	Share capital (in euros)	Number of shares	Nominal value (in euros)
Cancellation of shares	05/27/2014	800,000	3,200,000	(34,262,266)	1,059,162,068	264,790,517	4
Recognition of capital increase following exercise of options for the subscription of shares	02/11/2015	1,567,098*****	6,268,392	27,316,941	1,065,430,460	266,357,615	4

* *The amount of the discount,* i.e. *€9.1 million, was accounted for as other operating expenses in the financial statements presented in accordance with IFRS.*

** *These 107,014 new shares were actually issued in 2011 following the exercise of options for the subscription of shares, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.*

*** *These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.*

**** *These 1,215,642 new shares were actually issued in 2013 following the exercise of options for the subscription of shares.*

***** *These 1,567,098 new shares were actually issued in 2014 following the exercise of options for the subscription of shares.*

10.2.5 - Pledges, guarantees and security interests

At the date this Registration Document was filed, and to the Company's knowledge, no pledges, guarantees, or security interests had been granted on the Company's shares.

10.2.6 - Number of voting rights

Attention is drawn to the fact that the double voting rights mechanism effective February 24, 2006 and described in section 10.3.3 of this Registration Document has applied since February 24, 2008.

At December 31, 2014, the Company's share capital consisted of 266,357,615 shares, to which 280,051,391 exercisable voting rights were attached.

10.3 - MEMORANDUM AND ARTICLES OF ASSOCIATION

10.3.1 - Corporate purpose

The Company's direct or indirect corporate purpose in all countries, as defined in Article 2 of the Articles of Association, is as follows:

- the purchase, subscription, disposal, holding, or contribution of shares or other securities in any company;
- providing any services, in particular 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 or movable asset 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.

10.3.2 - 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 7 of this Registration Document (Corporate governance).

10.3.3 - Rights, privileges and restrictions attached to shares

Company shares are freely negotiable and are transferred from account to account in accordance with 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.

However, a voting right that is the double of the right attached to other shares, in proportion to the share of capital represented, is awarded to all fully-paid shares where it is shown that they have been held on a registered account in the same shareholder's name for at least two years, from February 24, 2006 onwards.

In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right is attached, on issue, to registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached.

Any shares converted from registered to bearer form, or transferred to another owner, cease to carry double voting rights(1). However, if the transfer of ownership resulting from inheritance, dissolution of spouses' joint property, or an *inter vivos* gift for the benefit of a spouse or relative entitled to inherit, shall not result in the loss of the right earned, and shall not interrupt the two year period.

The merger or division of the Company has no effect on double voting rights(1), which may be exercised within the successor company or companies provided this is allowable under the articles of association of the successor company or companies.

Where any new shares are not fully paid up on issuance, the demands for payment at the dates determined by the Board of Directors will be made by way of notices inserted, two weeks prior to the demand for payment, in one of the official gazettes (*journaux d'annonces légales*) 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 on the registered 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 legal interest rate, notwithstanding any individual proceedings the Company may initiate against the defaulting shareholder, and the compulsory enforcement measures provided for in law.

Each share grants the right to ownership of the corporate assets, to the distribution of profits, and to the liquidation premium, subject to the creation of preferred shares.

The shares are indivisible with regard to the Company, which only recognizes one owner for each share. Joint and several owners are required to be represented to the Company by a single representative. In the event of the division of share ownership, the voting rights attached to shares belong to the beneficiary at Ordinary General Meetings of Shareholders, and to the bare owner at Extraordinary General Meetings of Shareholders.

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 to exercise a particular right, specifically in the event of the exchange or allocation of securities as part of a transaction like 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 an amount of shares that is lower than the one required do not entitle their owner to any rights over the Company. In this case, shareholders shall take personal responsibility for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the breakdown of its shareholders under the conditions specified in law. In this respect, the Company may avail itself of all the legal provisions provided for the identification of the holders of shares conferring immediate or future voting rights at the Company's Shareholder Meetings.

(1) It will be proposed to the Shareholders' General Meeting and to the Special Meeting on May 29, 2015, the deletion of the double voting rights.

10.3.4 - 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 only to the provisions of applicable law.

10.3.5 - Shareholders' General Meetings

PARTICIPATION AT SHAREHOLDERS' GENERAL MEETINGS

Subject to legal and regulatory restrictions, any shareholder has the right to attend Shareholders' General Meetings, and to participate in deliberations, either personally or through a proxy, regardless of the number of shares held.

Any shareholder wishing to vote by post or by proxy must have delivered a proxy form, a postal vote, or a similar single document to the Company's registered office, or to any other address indicated on the notice of meeting, at least three days prior to the date of the Shareholders' General Meeting. The Board of Directors may set a later deadline for any Shareholders' General Meeting by means of a general measure in favor of all shareholders. Upon decision of the Board of Directors referred to in the notice of meeting, shareholders may, under the conditions and within the timeframe determined in law and by the regulations, send their postal vote and proxy form by any remote transmission means, including electronic communications, that allow their identification and whose nature and conditions are determined by current legislation.

Note that Order 2014-1466 of December 8, 2014 amended the cut-off time and rules for establishing the list of persons entitled to participate in general meetings as follows:

- **with regard to the cut-off time for establishing the list of shareholders entitled to participate in a general meeting and the cut-off time for inclusion of an issue or resolution on the agenda by a shareholder**, this is now set at midnight, Paris time on the second working day prior to the general meeting (instead of midnight, Paris time on the third day prior to the general meeting);
- **with regard to the conditions of registering to vote at these meetings**, the criterion of the date of the security's accounting entry in the buyer's trading account (traded position) has been discontinued. The text now stipulates that the condition for voting is the definitive registration of the security in the buyer's trading account (settled position). For example, transactions already traded but not yet settled (the delay between the trade and settlement being two days as from October 6, 2014) will no longer be used to determine a shareholders' rights on the date of the meeting in question.

At the Shareholders' General Meeting called for May 29, 2015, the shareholders will be asked to approve an amendment to the Company's Articles of Association adapting them to and bringing them into compliance with this new regulation that has come into effect. (For more details, please see Appendix 4 of the Company's Registration Document.)

CONVENING OF 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 elects its own Chairman.

Any shareholder may, if the Board of Directors allows them to do so in the notice of meeting, participate in a General Meeting *via* video conference or other electronic means of telecommunications or transmission, under the conditions determined by law or the regulations in force. Such shareholders are then deemed present for the calculation of the quorum and majority.

An attendance sheet is kept for each meeting as required by law.

DELIBERATIONS AND POWERS OF SHAREHOLDERS' GENERAL MEETINGS

The Ordinary and Extraordinary Shareholders' General Meetings, voting with the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

10.3.6 - Provisions of a nature to delay, defer, or prevent a change of control

The Company's Articles of Association contain no provisions of a nature to delay, defer, or prevent a change of control.

10.3.7 - Crossing of statutory thresholds

In addition to the legal provisions applicable in this area, any natural or legal person who comes to hold, directly or indirectly (including through a company controlled within the meaning of Article L. 233-3 of the French Commercial Code), 2% of the Company's share capital or voting rights (the total number of voting rights to be used as the denominator is calculated on the basis of all the shares to which voting rights are attached, including shares where the voting rights have been suspended), acting alone or in concert, and in any way whatsoever, must inform the Company of this fact by registered letter with a request for acknowledgment of receipt addressed to the registered office, within a period of four trading days from the date the threshold is crossed, independently of the date the shares might have been registered in any account, and must specify the total number of shares and securities giving access to the share capital, and the number of voting rights that they hold, directly or indirectly, acting alone or in concert. Notice must be given in the same manner and within the same timeframe when a holding falls below this 2% threshold.

Above this 2% threshold, disclosure must be made in the same manner when a threshold of 1% in the share capital or voting rights is crossed in either direction, under the conditions and in accordance with the procedures specified above.

In the event of non-compliance with the information obligations set out above, and at the request of one or several shareholders owning at least 1% of the share capital or voting rights, which request shall be recorded in the minutes of a 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.

10.3.8 - Changes to the share capital

The Company's share capital may be increased or reduced under the conditions laid down by law and by the regulations. The Extraordinary General Meeting of Shareholders may also decide to carry out stock splits or reverse splits.

CROSS-REFERENCE TABLES

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CROSS-REFERENCE TABLE – ANNUAL FINANCIAL REPORT – ARTICLE 222-3 OF THE FRENCH FINANCIAL MARKETS AUTHORITY *(AUTORITÉ DES MARCHÉS FINANCIERS)*

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APPENDIX A

APPENDIX 1

Financial statements December 31, 2014

Statement of income

(in € thousands)	December 31, 2014	December 31, 2013
Operating income		
Revenue	18,453	22,821
Other operating income	5,955	1,150
TOTAL OPERATING INCOME	**24,408**	**23,971**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(5,553)	(4,636)
Taxes other than on income	(558)	(550)
Employee benefits expense	(11,416)	(14,562)
Amortization and provision expense	(3,796)	(3,299)
Other operating expenses	(554)	(404)
TOTAL OPERATING EXPENSES	**(21,877)**	**(23,451)**
Operating profit	**2,531**	**520**
Financial income		
Dividend income	263,580	249,851
Interest income from marketable securities, and receivables, net	0	0
Provision reversals and expense transfers	40	0
Exchange gains	0	1
Other financial income	23	0
TOTAL FINANCIAL INCOME	**263,643**	**249,852**
Financial expenses		
Amortization and provision expense	(631)	(671)
Exchange losses	(3)	(6)
Finance costs and other	(45,248)	(45,056)
TOTAL FINANCIAL EXPENSES	**(45,882)**	**(45,733)**
Financial income and expense, net	217,761	204,119
Recurring profit before tax	**220,292**	**204,639**
Non-recurring income and expense, net	**(6,877)**	**(866)**
Profit before tax and employee profit-sharing	**213,415**	**203,773**
Employee profit-sharing	(97)	(79)
Income tax benefit	2,606	7,380
PROFIT FOR THE PERIOD	**215,924**	**211,074**

The accompanying Notes are an integral part of these financial statements.

Balance sheet

Assets

(in € thousands)	December 31, 2014	December 31, 2013
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,810,776	3,791,487
TOTAL NON-CURRENT ASSETS	**3,810,776**	**3,791,487**
Current assets		
Inventories	0	0
Receivables	42,916	33,202
Marketable securities	1,823	1,572
Cash	55	0
TOTAL CURRENT ASSETS	**44,794**	**34,774**
Accruals	**5,893**	**6,817**
TOTAL ASSETS	**3,861,463**	**3,833,078**

The accompanying Notes are an integral part of these financial statements.

Equity and liabilities

(in € thousands)	December 31, 2014	December 31, 2013
Equity		
Share capital	1,065,430	1,062,362
Additional paid-in capital, reserves and retained earnings	1,200,456	1,275,582
Profit for the period	215,924	211,074
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,481,810**	**2,549,018**
Provisions	**5,099**	**4,421**
Debt		
Other debt	1,319,981	1,246,161
TOTAL DEBT	**1,319,981**	**1,246,161**
Other liabilities	**54,573**	**33,478**
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**3,861,463**	**3,833,078**

The accompanying Notes are an integral part of these financial statements.

Statement of cash flows

(in € thousands)	December 31, 2014	December 31, 2013
Profit for the period	**215,924**	**211,074**
Cash flows from changes in operating assets and liabilities		
Changes in depreciation, amortization and impairment of fixed assets	(40)	40
Amortization of deferred charges	2,074	1,849
Changes in provisions for contingencies and charges	678	1,906
Changes in untaxed provisions	-	-
Net (gain)/loss on sales of assets	-	-
Other non-cash items	(1,130)	-
CASH FLOW	**217,506**	**214,869**
Changes in operating assets and liabilities:		
Inventories	-	-
Trade and other receivables	(9,714)	4,737
Trade and other payables	21,094	(1,390)
Other operating assets and liabilities	(22)	(42)
NET CASH FROM OPERATING ACTIVITIES	**228,864**	**218,174**
Net proceeds from sales of fixed assets (including financial assets)	-	-
Decreases in financial assets	-	6
Acquisitions of fixed assets	-	-
Acquisitions of financial assets	-	-
NET CASH FROM INVESTING ACTIVITIES	**0**	**6**
Changes in capital	(3,877)	23,385
Net sales/(purchases) of treasury shares and transactions under the liquidity contract	(19,498)	(1,806)
Dividends paid to equity holders of Legrand	(279,254)	(265,131)
Increase/(decrease) in borrowings, including intragroup loans and borrowings	73,802	24,710
NET CASH USED IN FINANCING ACTIVITIES	**(228,827)**	**(218,842)**
Change in cash and cash equivalents	**37**	**(662)**
Cash and cash equivalents at the beginning of the period	(5)	657
Cash and cash equivalents at the end of the period	**32**	**(5)**

The accompanying Notes are an integral part of these financial statements.

Notes to the financial statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over 3 years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under “Excess tax amortization”.

1.3 INVESTMENTS

Investments correspond primarily to investments in subsidiaries and affiliates, which are stated at the lower of cost and fair value. Fair value is determined by reference to Legrand’s equity in the investee’s revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 SHARE BUYBACKS AND LIQUIDITY CONTRACT

1.4.1 Accounting registration

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d’urgence du Conseil national de la comptabilité*), based on the purpose for which they were purchased.

- Shares acquired specifically for allocation to employees are classified as treasury shares under “Marketable securities”, “Treasury shares”.
- Shares acquired for cancellation or for any other purpose are classified as “Treasury shares held for cancellation” or “Treasury shares” under “Other investments”.
- Shares purchased in connection with a liquidity contract are also recorded as “Treasury shares” under “Other investments”.
- Cash and short-term investments held in the liquidity account are classified as “Other long-term receivables” within “Other investments”.

1.4.2 Impairment of treasury shares

Treasury shares held for cancellation are stated at cost.

Treasury shares held for other purposes are stated at the lower of cost and fair value, with fair value corresponding to the average share price for the last month of the fiscal year.

The loss incurred when treasury shares are sold to employees is recorded under non-recurring expense.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares on the share purchase date, to cover the difference between the price of performance shares and stock options granted to employees and the shares’ carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the plan concerned.

In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

1.5 MARKETABLE SECURITIES

This item includes Legrand shares purchased for allocation to employees as described in Note 1.4 above.

1.6 RECEIVABLES AND PAYABLES

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 FOREIGN CURRENCY RECEIVABLES AND PAYABLES

Foreign currency receivables and payables are converted into euros at the exchange rate on the balance sheet date.

1.8 DEFERRED CHARGES

Deferred charges correspond to debt issuance costs, which are written off to the income statement over the life of the debt.

1.9 BOND REDEMPTION PREMIUMS

The redemption premium reported in the balance sheet corresponds to the 2010, 2011 and 2012 bond issues, described in Note 8.1.2 below. It is being amortized over the life of the issues.

1.10 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS IN FRANCE

Legrand employees receive a statutory length-of-service award on retirement, calculated at the rates specified in the collective bargaining agreements applicable to the electrical manufacturing industry.

The related defined benefit obligation is calculated each year by 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 denominated in euros that have terms to maturity approximating the period to payment of the related benefit liability.

The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. In 2013, the Company applied French Accounting Standards Board recommendation CNC 2013-02 of November 7, 2013, allowing previously unrecognized past service cost to be recognized in opening equity.

As to actuarial gains and losses, they have not been subject to change in accounting practice and therefore are always recorded directly in the income statement.

Employees in the higher pay brackets are also covered by a supplementary pension plan. The plan provides for the payment of defined benefits corresponding to the theoretical pension rights of the employees concerned on the portion of their salary that exceeds a certain level (the "tranche D" used to calculate graduated Social Security contributions, capped at an amount equivalent to four times the ceiling used for the calculation of Social Security benefits) assuming that they are still on the Company's payroll at retirement.

A provision is booked for the difference between the projected benefits payable to plan participants and the discounted present value of payments made to date.

1.11 PROVISIONS FOR STATUTORY AND DISCRETIONARY PROFIT-SHARING

Legrand's statutory profit-sharing agreement is an "accord dérogatoire". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on May 4, 2011 and applies for the calculation of the special statutory profit-sharing reserve for the years 2011 to 2014. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Groupe Arnould, Cofrel, Sarlam, Ura, Planet-Wattohm, Distrasa, ICM Group, Intervox Systems, Legrand Cable Management and S2S.

A three-year discretionary profit-sharing agreement was signed on May 24, 2012 covering the years 2012 to 2014. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 FORWARD PURCHASES AND SALES OF FOREIGN, CURRENCIES

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the balance sheet date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 CASH FLOW STATEMENT

In the cash flow statement, cash and cash equivalents include all financial assets and liabilities that are realizable or payable within three months.

NOTE 2 - ASSETS

2.1 INTANGIBLE ASSETS

December 31, 2014 *(in € thousands)*	Gross value at beginning of period	Additions of the year	Disposals for the year	Gross value at end of period
Software at cost	479	-	-	479
Amortization of software	(479)	-	-	(479)
INTANGIBLE ASSETS, NET	**0**	**0**	**0**	**0**

2.2 INVESTMENTS

December 31, 2014 *(in € thousands)*	Gross value at beginning of period	Changes during the year	Gross value at end of period
Shares in subsidiaries and affiliates			
Legrand France SA	3,773,659	-	3,773,659
	3,773,659	**-**	**3,773,659**
Other investments			
■ Treasury shares held for cancellation	0	18,352	18,352
■ Other treasury shares	4,285	(3,231)	1,054
■ Other long-term receivables	13,584	4,127	17,711
■ Deposits and guarantees	0	-	0
	17,869	**19,248**	**37,117**
Provisions for impairment			
■ Impairment of other treasury shares	(41)	41	0
	(41)	**41**	**0**
TOTAL INVESTMENTS, NET	**3,791,487**	**19,289**	**3,810,776**

For other treasury shares, changes during the year correspond to purchase 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 Other investments

This item includes shares acquired under share buyback programs, shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see Note 1.4).

The company purchased 400,000 shares for cancellation under the share buyback program, at a total cost of €18,352 thousand.

On May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext Paris market under a liquidity contract complying with the AMAFI Code of Conduct approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the company to the liquidity contract.

As of December 31, 2014, Legrand held 25,000 treasury shares in connection with the liquidity contract, acquired at a cost of €1,054 thousand. No impairment was recognized for these shares at that date.

During 2014, transactions under the liquidity contract led to a cash inflow of €4,104 thousand, corresponding to net purchases of 82,500 shares.

Cash and short-term investments held in the liquidity account amounted to €17,711 thousand as of December 31, 2014, recorded under "Other long-term receivables".

Details of shares purchased for allocation to employees are provided in Note 4 on marketable securities.

NOTE 3 - RECEIVABLES

Current receivables are as follows:

December 31, 2014 *(in € thousands)*	Cost	Maturity	
	Net value	Within one year	Beyond one year
Trade account receivables	1,080	1,080	
Prepaid and recoverable taxes	37,645	37,645	
Recoverable value-added tax	525	525	
Group relief receivables	3,666	3,666	
Other receivables	0	0	
TOTAL AT THE END OF THE PERIOD	**42,916**	**42,916**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**33,202**	**33,202**	**0**

NOTE 4 - MARKETABLE SECURITIES

In 2014 and 2013, this item exclusively comprised Legrand shares purchased for allocation to employees.

	December 31, 2014			December 31, 2013
(in € thousands)	Cost	Impairment	Net	Net
Performance share plans	1,700	0	1,700	1,449
Corporate mutual fund	123	0	123	123
TOTAL	**1,823**	**0**	**1,823**	**1,572**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €500.0 million, are provided in the program description published on May 27, 2014.

As of December 31, 2013, the company held 63,027 shares in treasury. During 2014, it acquired a further 820,000 shares at a cost of €35,479 thousand and allocated 814,221 shares to employees under performance share plans, which are discussed in Note 6.4.1.

As of December 31, 2014, the company held 68,806 shares under the program, acquired at a total cost of €1,823 thousand. These shares are being held for the following purposes:

- for allocation upon sale to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €123 thousand);
- for allocation upon exercise to performance share plans (63,885 shares purchased at a cost of €1,700 thousand).

NOTE 5 - ACCRUALS AND OTHER ASSETS

(in € thousands)	December 31, 2014	December 31, 2013
Prepaid expenses	95	74
Deferred charges	3,229	3,544
Bond redemption premium	2,569	3,199
TOTAL	**5,893**	**6,817**

NOTE 6 - EQUITY

6.1 SHARE CAPITAL

Share capital as of December 31, 2014 amounted to €1,065,430,460 represented by 266,357,615 ordinary shares with a par value of €4 each, for 280,545,197 voting rights.

Share capital consists exclusively of ordinary shares. Fully paid-up shares held in registered form in the name of the same shareholder for at least two years carry double voting rights.

As of December 31, 2014, the Group held 493,806 shares in treasury, versus 170,527 shares as of December 31, 2013. The difference, *i.e.* 323,279 additional shares, corresponds to:

- the purchase of 2,020,000 shares excluding the liquidity contract;
- the transfer of 814,221 shares to employees under performance share plans;
- the cancellation of 800,000 shares; and
- the net disposal of 82,500 shares under the liquidity contract (refer to 2.2.2).

Of the 493,806 shares held in treasury by the Group as of December 31, 2014, 400,000 have been bought back for cancellation, 68,806 have been allocated in line with the objectives described in Note 4, and 25,000 are held under the liquidity contract.

The following table shows changes in share capital in 2014:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2013	265,590,517	4	1,062,362,068	1,099,013,065
Exercise of options under 2007 plan	138,165	4	552,660	2,929,098
Exercise of options under 2008 plan	155,650	4	622,600	2,580,677
Exercise of options under 2009 plan	101,464	4	405,856	925,352
Exercise of options under 2010 plan	1,171,819	4	4,687,276	20,881,815
Cancellation of shares	(800,000)	4	(3,200,000)	(34,262,266)
As of December 31, 2014	266,357,615	4	1,065,430,460	1,092,067,741

On May 27, 2014, the Board of Directors decided to cancel 800,000 treasury shares bought back for that purpose earlier in the month. The €34,262 thousand difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

In 2014, 1,567,098 shares were issued upon exercise of stock options granted under the 2007 to 2010 plans, resulting in a €6,268 thousand capital increase. The aggregate premium amounted to €27,317 thousand.

6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2014	December 31, 2013
Before appropriation of profit		
Additional paid-in capital	1,092,067	1,099,013
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	97,600	87,046
Other reserves and retained earnings	43,995	122,729
TOTAL	**1,200,456**	**1,275,582**

"Other reserves and retained earnings" includes €21,229 thousand in reserves that are not available for distribution as a result of share buybacks.

6.3 CHANGES IN EQUITY

(in € thousands)	December 31, 2014
Equity at the beginning of the period	2,549,018
Movements for the year:	
■ share capital	3,068
■ additional paid-in capital	(6,946)
■ reserves and retained earnings	0
■ dividends paid	(279,254)
■ untaxed provisions and government grants	0
■ profit for the period	215,924
■ other	0
Equity at the end of the period before appropriation of profit	**2,481,810**

The Annual Shareholders' Meeting held on May 27, 2014 approved the payment of a total dividend of €279,254 thousand representing €1.05 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 Performance share plans

No performance share plans have been implemented since the 2012 Plan. As explained in Note 7, long term employee benefits plans were implemented from 2013.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2010 Plan(1)	**2011 Plan**(2)	**2012 Plan**(3)
Date approved by shareholders	May 15, 2007	May 27, 2010	May 26, 2011
Grant date	March 4, 2010	March 3, 2011	March 7, 2012
Total number of share rights granted	896,556	1,592,712	985,656
o/w to Executive Directors	*62,163*	*127,888*	*30,710*
■ *Gilles Schnepp*	*38,373*	*65,737*	*30,710*
■ *Olivier Bazil*	*23,790*	*62,151*	-
End of vesting period	French tax residents: March 5, 2012 Non-residents: March 5, 2014	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 6, 2014 Non-residents: March 5, 2014	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of shares acquired as of December 31, 2014	(834,310)	(710,271)	(386,295)
Number of shares rights cancelled or forfeited	(62,246)	(75,934)	(25,665)
Share rights outstanding at end of period	**0**	**806,507**	**573,696**

(1) **2010 Plan:** *This plan concerns performance share rights granted in 2010 in respect of 2009 performance. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2010 meeting. The number of rights was deliberately limited, on beneficiaries' suggestion.*

(2) **2011 Plan**: *This plan concerns performance share rights granted in 2011 in respect of 2010 performance. The Board of Directors set the 2010 economic earnings* target for the 2011 Plan at the start of 2010. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 3, 2011 meeting. In addition, starting with the 2011 Plan, a second set of performance conditions decided by the Board of Directors applies to substantially all of the performance share rights granted to executive directors. They include an external performance condition (consolidated net margin compared with the margins reported by Legrand's peer group over a four-year period) and two internal performance conditions (economic earnings* and economic margin performance over successive four-year periods). In summary, shares granted to executive directors under the 2011 Plan in respect of 2010 were subject to two sets of performance conditions, one applicable at the date of grant and the other at the end of the vesting period. The vesting period for performance share rights granted to the executive directors of the Company ended in 2013. Therefore, at its meeting of March 6, 2013, the Board of Directors reviewed the related performance conditions and, noting that these conditions had been met in full, determined that all of the performance share rights initially granted to the executive directors had vested.*

(3) **2012 Plan:** *For this plan, which concerns 2011 performance, the Board of Directors set the 2011 economic earnings* target at the start of 2011. At its March 7, 2012 meeting, the Board of Directors granted 30,710 performance share rights to Gilles Schnepp based on actual 2011 economic earnings* compared with the target. In addition, on the recommendation of the Nominations and Compensation Committee, the Board decided to adjust the vesting conditions by setting an additional performance objective. If this objective was not met, some or all of the performance shares could not vest. As a matter of fact, the shares in the initial grant would not vest in their entirety unless value creation over the long term had been demonstrated by achieving growth in economic earnings* over the four-year period immediately preceding the vesting date. However, if this first condition was not met, Mr. Schnepp could still retain the right to some of the shares based on a second condition, i.e. whether the Group's economic margin performance exceeded that of the companies in its peer group over the same period. The vesting period for performance share rights granted to Mr. Schnepp ended in 2014. Therefore, at its meeting of March 5, 2014, the Board of Directors reviewed the related performance conditions and, noting that the first performance condition had been met, determined that all of the performance share rights initially granted to Mr. Schnepp, i.e. 30,710, had vested.*

* *Adjusted operating profit less the cost of capital employed.*

If all these shares were to vest (*i.e.* 1,380,203 shares), the Company's capital would be diluted by 0.5% as of December 31, 2014.

A total of 27,911 of performance share rights were granted under the 2012 Plan (based on 2011 performance) to the ten grantees other than executive directors who received the greatest number of rights.

6.4.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

Stock Option Plan

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.20 Average closing price over the 20 trading days preceding the grant date	€20.58 Average closing price over the 20 trading days preceding the grant date	€13.12 Average closing price over the 20 trading days preceding the grant date	€21.82 Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of options exercised as of December 31, 2014	(1,004,897)	(1,120,900)	(579,260)	(1,177,328)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding at end of period	**525,819**	**773,100**	**498,940**	**1,840,809**

(1) *Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.*

(2) *The 2007 stock options were granted based on the Company's 2006 economic earnings* compared with the target set for that year.*

(3) *The 2008 stock options were granted based on the Company's 2007 economic earnings* compared with the target set for that year.*

(4) *The 2009 stock options were granted based on the Company's 2008 economic earnings* compared with the target set for that year. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its March 4, 2009 meeting.*

(5) *The 2010 stock options were granted based on the Company's 2009 economic earnings* compared with the target set for that year. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options that was determined by the Board of Directors at its March 4, 2010 meeting. The number of options was deliberately limited, on beneficiaries' suggestion.*

* *Adjusted operating profit less the cost of capital employed.*

The weighted average market price of the Company stock upon exercises of stock options in 2014 was €44.28.

If all these options were to be exercised (*i.e.* 3,638,668 options) the Company's capital would be diluted by a maximum of 1.4% (this is a maximum dilution as it does not take into account the exercise price of the options) as of December 31, 2014.

NOTE 7 - PROVISIONS

December 31, 2014 *(in € thousands)*	At the beginning of the period	Changes for the year	Reversals for the year	At the end of the period
Pensions and other post-retirement benefit obligations	1,599	357		1,956
Other	2,822	1,994	(1,673)	3,143
Provisions	**4,421**	**2,351**	**(1,673)**	**5,099**
Impairment on investments	0	0	0	0
Impairment on marketable securities	0	0	0	0
Provisions for impairment	**0**	**0**	**0**	**0**
TOTAL	**4,421**	**2,351**	**(1,673)**	**5,099**
Changes to and reversals from provisions recorded under the following income statement captions:				
■ operating income and expense		2,351	588	
■ financial income and expense		0	0	
■ non-recurring income and expense		0	1,085	
TOTAL		**2,351**	**1,673**	

The Company has implemented deferred compensation plans for the Chairman and Chief Executive Officer as well as for other key executives. The compensation is payable after three years, subject to the individual's continued presence in the Company.

In addition, depending on the case, payment of the compensation may be subject to the Group's fulfillment of future financial performance conditions, which may or may not relate to the share price.

A provision is recognized in the balance sheet in respect of these plans. Indexed to the price of Company shares, the plans are remeasured at each balance sheet date until they are settled.

A provision of €3,143 thousand was recognized in respect of these plans in the 2014 financial statements.

NOTE 8 - DEBT AND OTHER LIABILITIES

December 31, 2014 *(in € thousands)*	Net value	Maturity: Due within one year	Maturity: Due in one to five years	Maturity: Due beyond five years
Bonds	1,134,082	34,082	700,000	400,000
Bank borrowings with original maturities:				
■ of less than one year	22	22		
■ of more than one year				
Other borrowings	185,877		185,877	
TOTAL DEBT	**1,319,981**	**34,104**	**885,877**	**400,000**
Trade payables	1,684	1,684		
Accrued taxes and employee benefit expense	3,345	3,345		
Other	49,544	49,544		
TOTAL OTHER LIABILITIES	**54,573**	**54,573**		
TOTAL AT THE END OF THE PERIOD	**1,374,554**	**88,677**	**885,877**	**400,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**1,279,639**	**67,564**	**812,075**	**400,000**

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8.1 CREDIT FACILITIES

8.1.1 2011 Credit Facility

In October 2011, the Company signed an agreement with six banks to set up a €900 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility could be extended for two successive one-year periods.

In July 2014, the Company signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract. The agreement extends the maximum maturity of the €900 million revolving credit line by three years, *i.e.* up to July 2021, on more favorable terms than agreed in October 2011.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2014, this spread was 25 bps. The 2011 Credit Facility does not contain any covenants.

As of December 31, 2014, the Credit Facility had not been drawn down.

8.1.2 Bonds

In February 2010, the Company carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Company carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Company carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

8.1.3 Other borrowings

The current account's balance of the Company with Legrand France SA as of December 31, 2014 is a liability of €185,877 thousand. This current account is governed by the cash pooling agreement signed with Legrand France on January 25, 2006 bearing interest at Euribor plus 35 bps.

8.1.4 Other debt

Other debt consists of the €48,380 thousand due to subsidiaries under the group relief agreement (corresponding to the tax benefits derived from the Company's use of their tax losses that they will recover when they return to profit).

NOTE 9 - NOTES TO THE STATEMENT OF INCOME

Non-recurring income and expense is as follows:

(in € thousands)	December 31, 2014	December 31, 2013
Revenue transactions	26	61
Capital transactions	1,029	1,528
Provisions reversals and expense transfers	27,312	27,573
TOTAL NON-RECURRING INCOME	**28,367**	**29,162**
Revenue transactions	(16)	(87)
Capital transactions	(35,228)	(29,701)
Amortization and provision expense	0	(240)
TOTAL NON-RECURRING EXPENSE	**(35,244)**	**(30,028)**
NON-RECURRING INCOME AND EXPENSE, NET	**(6,877)**	**(866)**

Non-recurring income and expenses on capital transactions correspond to income and expenses generated on sales and purchases of treasury shares in connection with i) the liquidity contract (income of €873 thousand) and ii) the transfer of performance shares to grantees under the plans (expense of €35,228 thousand).

The non-recurring provision reversals and expense transfers account includes, in addition to the provisions presented in Note 7, income of €26,227 thousand from the rebilling of losses incurred or provided for at Company level following the transfer of performance shares to employees of the Group's different subsidiaries.

NOTE 10 - OTHER INFORMATION

10.1 INCOME TAXES

10.1.1 Unrecognized deferred tax assets and liabilities

(in € thousands)	Base: income (or expense)				Unrecognized deferred tax benefit (charge)*		
		Movements for the period					
	01/01/2014	Increase	Decrease	12/31/2014	01/01/2014	Change	12/31/2014
Timing difference between the recognition of income and expenses for financial reporting and tax purposes:							
Income taxed in recurrent year not recognized in the income statement:							
■ Unrealized exchange gains	0				0		
Expenses recognized in the income statement that are deductible in future years:							
■ Employee profit-sharing	(108)			(108)	37		37
■ Provisions for pensions and other post-retirement benefit costs	(1,593)	(355)		(1,948)	549	122	671
■ Other provisions	(907)	(1,689)		(2,596)	312	582	894
■ Taxes and other	(69)		35	(34)	24	(12)	12
TOTAL	**(2,677)**	**(2,044)**	**35**	**(4,686)**	**922**	**692**	**1,614**

* *Determined by the liability method, taking into account the contribution sociale de solidarité surtax introduced with effect from January 1, 2000 at the enacted rate of 3.3% for 2014. The 10.7% non-recurring tax applicable to companies generating over €250 million in annual revenue in 2014 was not taken into account in the deferred tax calculation.*

10.1.2 Group relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies, plus the tax on distributed earnings.

In 2014, Legrand recognized a net income tax benefit of €2,606 thousand (after deducting €8,378 thousand in tax on distributed earnings).

10.2 RELATED PARTY TRANSACTIONS

(in € thousands)	December 31, 2014 Related party transactions	December 31, 2014 Total in the financial statements	December 31, 2013 Related party transactions	December 31, 2013 Total in the financial statements
Investments	**3,773,659**	**3,810,776**	**3,773,659**	**3,791,487**
Inventories	**0**	**0**	**0**	**0**
Trade receivables	1,080	1,080	4,936	4,936
Other receivables	3,666	41,836	2,604	28,266
Receivables	**4,746**	**42,916**	**7,540**	**33,202**
Debt	185,877	1,319,981	112,075	1,246,161
Trade payables	(3)	1,684	87	1,812
Other liabilities	49,543	52,889	27,022	31,666
Liabilities	**235,417**	**1,374,554**	**139,184**	**1,279,639**
Financial expense	**1,498**	**45,882**	**1,306**	**45,733**
Financial income	**263,580**	**263,643**	**249,851**	**249,852**

10.3 EXPOSURE TO MARKET RISKS (INTEREST RATE, CURRENCY AND CREDIT RISKS)

10.3.1 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 financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks, and are therefore set up for limited periods and amounts.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2014 no hedges were set up at the level of the Company.

10.3.2 Concentration of credit risks

Credit risks correspond to counterparty risks with financial institutions.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, bank deposits, short-term investments and hedging instruments. These assets are placed with various leading financial institutions and corporates with the aim of limiting exposure to any single counterparty. The related strategies are defined and monitored by the Corporate Finance Department, which tracks the credit default swap ratings and rates of the Group's counterparties on a daily basis.

10.3.3 Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing across a wide range of maturities. This principle forms the basis of the Group's financing strategy.

10.4 CONTINGENCIES AND COMMITMENTS

Financial commitments given by the Company as of December 31, 2014 and 2013 were as follows:

(in € thousands)	December 31,2014	December 31,2013
Guarantees	63	63
Mortgages and liens	0	0
TOTAL COMMITMENTS GIVEN	**63**	**63**

10.5 EMPLOYEES

	December 31,2014	December 31,2013
Average number of employees		
Management	27	28
Administrative staff	5	5
Apprentices	1	1
TOTAL	**33**	**34**

10.6 EXECUTIVE DIRECTOR COMPENSATION

Compensation paid to Executive Director for 2014 amounted to €1,339 thousand (€1,473 thousand for 2013).

10.7 SUBSIDIARIES AND AFFILIATES

(in € thousands)	Share capital currency	Share capital euros	Reserves and retained earnings	% interest	Carrying amount of the shares Cost	Carrying amount of the shares Net	Guarantees given	2014 revenue	2014 profit (loss)	Dividends received in 2014
French companies										
Legrand France	EUR	54,913	955,485	100	3,773,659	3,773,659	63	826,276	231,000	263,580

NOTE 11 - SIGNIFICANT EVENTS OF THE YEAR

None.

NOTE 12 - SUBSEQUENT EVENTS

None.

APPENDIX 2

Management report of the Board of Directors on March 18, 2015 to the Annual General Meeting scheduled on May 29, 2015

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2014

1.1 Highlights of the year

Nil.

1.2 Revenues and earnings in 2014

Revenues amounted to €18.5 million, for providing services within the Group.

Other operating income amounted to €5.9 million in the year to December 31, 2014.

Operating expense amounted to €21.9 million in the year to December 31, 2014, compared with €23.5 million in the year to December 31, 2013.

At December 31, 2014, operating profit was €2.5 million, compared with €0.5 million in the year to December 31, 2013.

Net interest and other financial items for 2014 represented income amounting to €217.8 million, compared with €204.1 million in the year to December 31, 2013. This variation resulted primarily from a €13.7 million increase in dividend received.

Net exceptional items represented a loss of €6.9 million at December 31, 2014, compared with a loss of €0.9 million in the year to December 31, 2013. This variation in net exceptional items resulted mainly from the accounting treatment of the buyback of shares in the context of performance share allocation plans for employees working abroad.

Tax income booked in an amount of €2.6 million represents the surplus of tax paid by subsidiaries within the tax consolidation group and of dividend withholding tax amounting to €8.4 million.

Net income for the year to December 31, 2014 amounted to €215.9 million.

1.3 Debt

The Company's debt position is summarized in Appendix 1 to the Management Report.

The Company's debt increased slightly in 2014 compared to 2013.

1.4 Management of financial risk

Management of these risks is described in chapter 4 of the Company's Registration Document and in Note 22 to the consolidated financial statements, which appear in chapter 9 of this Registration Document.

1.5 Business of the Group

Information on the business of the Group is presented in chapter 6 of the Company's Registration Document.

1.6 Tax credit "crédit d'impôt compétitivité emploi"

Amounts received in 2014 under tax credit "crédit d'impôt compétitivité emploi" (CICE) 2013 have been intended to finance charges relating to prospecting new markets.

2 - PRINCIPAL RISKS AND UNCERTAINTIES

Risks and related Group policies are presented in chapter 4 of the Company's Registration Document.

3 - RESEARCH AND DEVELOPMENT

Nil.

4 - SUSTAINABLE DEVELOPMENT

Information on the Group's labor policy, environmental policy and social responsibility commitments is presented in chapter 5 of the Company's Registration Document.

5 - SIGNIFICANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

Nil.

6 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2015 as in 2014.

7 - APPROPRIATION OF EARNINGS

We propose that the Company's net book profit in respect of the financial year ended December 31, 2014, which amounts to €215,924,061.53, be appropriated as follows:

- appropriation to legal reserve in the amount of €8,943,208.44;
- payment to shareholders as dividend of the sum of €1.10 per share, for a total amount, based on the number of shares making up the capital stock at December 31, 2014, minus the treasury shares held by the Company at that date, of €292,450,189.90.

The distribution of dividend in the amount of €292,450,189.90 is to be effected by deduction from:

- distributable income in an amount of €248,098,332.14 on the one hand, with this amount comprising the year's income and retained earnings from previous years amounting to €41,117,479.05, after deduction of the amount appropriated to the legal reserve of €8,943,208.44;
- the "issue premium" account on the other hand, for the portion of the distributed amount exceeding distributable income, namely €44,351,857.76.

In the event of a change in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly, and, by the same token, the amount deducted from the "issue premium" account.

Concerning the tax treatment of the €1.10 dividend per share proposed to Company shareholders, it is specified that this distribution will be considered, for tax purposes:

- in the amount of €0.93, as taxable income subject to sliding-scale income tax and eligible, for individual shareholders residing in France, for the 40% exemption provided for under Article 158-3-2° of the French Tax Code *(Code Général des Impôts)*;
- in the amount of €0.17 deducted from the "issue premium" account, as a repayment of paid-in capital within the meaning of article 112-1° of the French Tax Code *(Code Général des Impôts)*, therefore non-taxable for individual shareholders residing in France but reducing the fiscal share cost price.

8 - EARNINGS OVER THE PAST FIVE YEARS

In accordance with Article R. 225-102 of the French Commercial Code (*Code de commerce*), we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (Appendix 2 to the Management Report).

9 - DIVIDENDS

In accordance with the provisions of Article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

Dividends distributed in respect of 2011, 2012 and 2013 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share	Earnings distributed per share: Eligible for the 40% income-tax exemption provided for under Article 158-3-2° of the French Tax Code	Earnings distributed per share: Not eligible for the 40% income-tax exemption provided for under Article 158-3-2° of the French Tax Code
2011	263,449,797 shares with a par value of €4	€0.93	€0.93	€0
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0

10 - NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for financial year 2014, excluding items carried over from prior years, came to €37,175, including €13,440 related to the tax on corporate vehicles (*Taxe sur les véhicules de tourisme et société*) and €23,735 related to rental income and vehicle depreciation and the corresponding tax in an amount of €12,799.

11 - MANDATES AND OTHER FUNCTIONS EXERCISED BY EACH DIRECTOR

This information is provided in Appendix 3 to the Management Report.

12 - MANAGEMENT

At December 31, 2014, Gilles Schnepp held the position of Chairman and Chief Executive Officer.

13 - SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS OR CONTROL

For subsidiaries and equity interests, an organizational chart and a description of their business are given in paragraphs 10.1.6 and 10.1.7 of the Company's Registration Document, which also describes their business.

There were no significant acquisitions by the Company of equity interests in or control of any companies headquartered in France during financial year 2014.

14 - SHAREHOLDERS

a) Overview

The shareholding structure of the Company is presented in paragraph 8.1.1 of the Company's Registration Document.

Under Article 12.4 of the Company's articles of association, as from February 24, 2006 fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of the Company's share capital they represent.

At its meeting on March 18, 2015, the Board of Directors convened the Shareholders' General Meeting and a Special Meeting of Shareholders holding double voting rights and put on the agenda, of the two aforementioned meetings the suppression of the double voting rights.

For more information on shareholders and share ownership thresholds, please consult paragraphs 8.1.2 to 8.1.4 of the Company's Registration Document.

b) Employee share ownership

At December 31, 2014, Group employees held a total of 505,797 shares in the "Actions Legrand" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.19% of the Company's capital and 0.18% of its voting rights.

15 - COMPENSATION OF DIRECTORS

Information on compensation of Executive Directors is presented in paragraph 7.2.2 of the Company's Registration Document.

16 - COMPENSATION COMPONENTS DUE OR ALLOCATED TO MR. GILLES SCHNEPP, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2014 FINANCIAL YEAR, SUBMITTED FOR SHAREHOLDERS' OPINION

Information on the compensation components due or allocated in respect of the 2014 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted for shareholders' opinion, is presented in paragraph 7.2.5 of the Company's Registration Document.

17 - STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Information on the Company's stock option plans and performance share plans is presented in paragraphs 8.2 and 8.3 of the Company's Registration Document.

In compliance with Articles L. 225-184 and L. 225-197-4 of the French Commercial Code (*Code de commerce*), special reports on this subject will be presented to the General Meeting of Shareholders on May 29, 2015.

18 - AGREEMENTS ENTERED INTO BETWEEN COMPANY DIRECTORS OR SIGNIFICANT SHAREHOLDERS AND COMPANY SUBSIDIARIES

As stated in paragraph 7.1 of the Company's Registration Document, none of the members of the Company's Board of Directors are engaged in any business relationships with the Company or its subsidiaries, with the sole exception of Mr. Dongsheng Li. As far as the latter is concerned, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, resulting from Legrand's acquisition of two TCL group companies in 2005 and 2008. In 2014, trademark royalties levied pursuant to this contract represented less than 0.05% of Legrand Group sales and less than 0.03% of TCL sales, the financial stakes involved therefore being insignificant.

19 - DELEGATION IN CONNECTION WITH CAPITAL INCREASES

This information is presented in paragraph 10.2.1.1 of the Company's Registration Document.

20 - AUTHORIZATION OF GUARANTEE, ENDORSEMENTS AND SECURITY

At its meeting on March 18, 2015, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chairman and Chief Executive Officer to grant guarantees, endorsements and security in the name of and on behalf of the Company, up to a limit of €100,000,000. However, this limit does not apply to guarantees, endorsements and security granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

21 - SHARE BUYBACKS

In the course of 2014, the Company purchased a total of 2,483,815 shares at a total cost of €104,255,770 and sold 2,566,315 shares for a total of €107,486,864, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) and were approved by the French Financial Markets Authority (*Autorité des marchés financiers*) in its decision of March 22, 2005.

The average purchase price was €41.97 per share and the average sale price was €41.88 per share. There were no trading costs associated with these transactions.

At December 31, 2014, the balance on the liquidity contract stood at 25,000 shares.

Outside the scope of the liquidity contract, the Company bought back 2,020,000 shares for a total of €91,293,557, with trading costs amounting to €270,519. Out of this total of 2,020,000 shares, the Company (i) transferred 814,221 shares to employees under performance share plans and (ii) cancelled 800,000 shares.

At December 31, 2014, the Company held 493,806 shares with a nominal value of €4 each, for a total of €1,975,224 or 0.19% of capital stock. Valued at cost at the time of purchase, these shares totalled €21,229,545.

Outside the scope of the liquidity contract, at December 31, 2014 the Company held 468,806 shares, representing a total value at cost of €20,175,211. These shares were appropriated as follows:

- 63,885 shares with an acquisition cost of €1,700,524, representing 0.02% of the Company's capital and a nominal value of €255,540, were appropriated for implementation of such performance share plans as necessary;
- 4,921 shares with an acquisition cost of €122,631, representing 0.002% of the Company's capital and a nominal value of €19,684, were appropriated to a Company investment fund (FCPE) in connection with employee profit sharing;
- 400,000 shares with an acquisition cost of €18,352,056, representing 0.15% of the Company's capital and a nominal value of €1,600,000, were cancelled by the Company subsequent to buyback.

22 - TRANSACTIONS BY COMPANY'S EXECUTIVE DIRECTORS AND SIMILAR PERSONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Transactions reported by the Company's Executive Directors and similar persons to the French Financial Markets Authority during financial year 2014 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Antoine Burel	Exercise of options	Options	1	(763,700)
	Sale	Shares	1	+393,323
	Sale	Shares	1	+1,533,693
Patrice Soudan	Sale	Shares	1	+424,107
	Sale	Shares	1	+438,674

23 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Restrictions on the exercise of voting rights and transfers of shares provided for in Company articles of association or agreements brought to the notice of the Company pursuant to Article L. 233-11 of the French Commercial Code	Company shares are freely negotiable and are transferred from account to account in accordance with applicable law and regulation. Within the limits of applicable law and regulation, each shareholder is entitled to as many votes as the number of shares he, she or it owns or holds proxies for. Under Article 12.4 of the Company's articles of association, however, fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of share capital they represent. In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right is attached, on issue, to registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached. Any shares converted from registered to bearer form, or transferred to another owner, cease to carry double voting rights. However, if the transfer of ownership results from succession, dissolution of the joint property of spouses, or a gift to a spouse or person in line of succession, the double voting rights do not lapse and there is no interruption in the required period of two years. The merger or division of the Company has no effect on double voting rights, which may be exercised within the successor company or companies provided this is allowable under the articles of the successor company or companies. At its meeting on March 18, 2015, the Board of Directors convened the Shareholders' General Meeting and a Special Meeting of Shareholders holding double voting rights and put on the agenda, of the two aforementioned meetings the suppression of the double voting rights.
Direct and indirect equity interests of which the Company has been apprised by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code.	Changes in the ownership of Legrand shares during financial year 2014 are presented in paragraph 8.1.1.2 of the Company's Registration Document.
Owners of any securities conferring special rights of control and description of these securities	Nil
Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves	As provided in the regulations for the investment fund "Actions Legrand," the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.
Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil
Appointment and replacement of members of the Board of Directors and amendment of the Company's articles of association	In accordance with its articles of association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. Directors are appointed to serve four-year terms, which expire at the end of the ordinary General Meeting of shareholders called to consider financial statements for the previous financial year and held in the year in which their term of office expires. Directors may be reappointed for consecutive terms without limit. When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first shareholders' meeting after the appointment is made. No individual over the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the ordinary General Meeting of shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached. Where the Company's articles of association do not specifically provide otherwise, amendments to the articles are subject to the provisions of applicable law.

Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Powers of the Board of Directors, in particular concerning share issuance and repurchase	This information is presented in paragraphs 10.2.1.1 and 10.2.2.1 of the Company's Registration Document. The Company can only repurchase its own shares outside of periods during which shares are made available through public offerings.
Agreements entered into by the Company which would be amended or lapse in the event of a change of control of the Company, except (unless disclosure is required by law) where disclosure would seriously harm its interests	The following contracts may be amended or lapse if control of the Company changes: ■ contract for the issuance of bonds on the US market by the Company's subsidiary Legrand France in an amount of \$393.5 million, in the event of a change in control due to a hostile takeover; ■ the bond issue made on February 24, 2010 in a nominal amount of €300 million; ■ the bond issue made on March 10, 2011 in a nominal amount of €400 million; ■ the loan contract in an amount of €900 million entered into with French financial institutions on October 20, 2011 and amended on July 25, 2014; ■ the bond issue made on April 11, 2012 in a nominal amount of €400 million.
Agreements providing for payment of compensation to employees or members of the Board of Directors in the event of resignation, dismissal without real and serious cause, or termination of employment due to a tender offer	Nil with respect to the Executive Director and members of the Board of Directors.

24 - DUE DATES OF ACCOUNTS PAYABLE

In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of trade payables by due date:

(in thousands of euros)

Due dates (D = invoice date)	< D+60 days	> 60 days	No due date(1) if applicable	Total trade accounts payable
Trade payables at December 31, 2014	134	0	1,550	1,684
Trade payables at December 31, 2013	270	0	1,542	1,812

(1) Includes invoices that have not yet reached the Company.

March 18, 2015

The Board of Directors

Appendix 1 to the Management Report

LEGRAND SA

Debt position *(in millions of euros)*	**12/31/2014**	**12/31/2013**
EXTERNAL DEBT		
Debt		
Bonds	1,100.0	1,100.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL EXTERNAL DEBT	**1,100.0**	**1,100.0**
Accrued interest	34.1	34.1
Finance costs		
Bonds	43.8	43.8
Bank borrowings	-	-
Credit Facility	-	-
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**43.8**	**43.8**
%	*4.0%*	*4.0%*
INTRA-GROUP DEBT		
Debt		
Advance from Legrand France	185.9	112.1
Finance costs		
Advance from Legrand France	1.5	1.3
%	*0.8%*	*1.2%*
TOTAL DEBT	**1,320.0**	**1,246.2**
Equity	2,481.8	2,549.0
DEBT-TO-EQUITY RATIO	**53%**	**49%**

Appendix 2 to the Management Report

Five-year financial summary

(in € thousands)	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Capital at December 31					
Share capital	1,052,645	1,053,556	1,057,500	1,062,362	1,065,430
Number of common shares	263,161,346	263,388,995	264,374,875	265,590,517	266,357,615
Total shares outstanding	263,161,346	263,388,995	264,374,875	265,590,517	266,357,615
*Of which, treasury stock**	*800,135*	*560,536*	*151,584*	*170,527*	*493,806*
Results of operations					
Net revenue	15,661	17,300	18,475	22,821	18,453
Profit before tax, employee profit-sharing amortization and provisions	69,072	76,219	70,067	207,488	216,126
Income tax benefit (expense)	6,727	12,605	14,025	7,381	2,606
Employee profit-sharing	(145)	(179)	(76)	(79)	(97)
Net profit	77,329	92,476	86,732	211,074	215,924
Total dividend	183,716	231,362	245,008	265,131	279,254
Per share data					
Earnings after tax, employee profit-sharing but before amortization and provisions	0.29	0.34	0.32	0.81	0.82
Earnings per share	0.29	0.35	0.33	0.79	0.81
Dividend per share	0.70	0.88	0.93	1.00	1.05
Employee data					
Average number of employees at December 31	42	41	36	34	33
Total payroll	5,718	5,618	5,212	5,511	5,792
Total benefits	1,673	3,051	5,581	9,052	5,624

* *No dividend entitlement or voting rights can be attached to own shares held by the Company.*

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Appendix 3 to the Management Report

Name	Positions held in French and foreign companies
Gilles Schnepp Age 56 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions – Legrand group (no directors' fees or other form of compensation are paid or due in respect of positions with companies belonging to the Legrand group):*** Chairman and CEO of Legrand* Permanent representative of Legrand SNC, Chairman of Legrand Pacifique Director of Legrand Kazakstan Director of PT Supreme Electro Kontak Director of Legrand Skandinaviska Director and manager of Legrand SLV d.o.o. Chairman of Legrand Holding Inc. ***Current position outside the Legrand group:*** Director of Saint-Gobain* ***Positions held during the past five years and now discontinued:*** Mandates in various Group subsidiaries
Olivier Bazil Age 68 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Member of the Supervisory Board of Michelin* Member of the Supervisory Board of Vallourec* Chairman of Fritz SAS Member of the Supervisory Board of Société Civile du Château Palmer Director of Firmenich International SA ***Positions held during the past five years and now discontinued:*** Vice-Chairman, Chief Operating Officer of Legrand* Mandates in various Group subsidiaries
Christel Bories Age 50 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Deputy Chief Executive Officer of Ipsen* Director of Smurfit Kappa* ***Positions held during the past five years and now discontinued:*** Director of Natixis* Director of Cercle de l'Industrie Chief Executive Officer of Constellium Director of ATLAS CopCo AB*, Sweden Chairman and CEO of Alcan Engineered Products Chairman of Association Européenne de l'Aluminium (EAA)
Angeles Garcia-Poveda Age 44 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Chief Executive Officer of Spencer Stuart in France ***Positions held during the past five years and now discontinued:*** Nil.
François Grappotte Age 78 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director and Honorary Chairman of the Board of Directors of Legrand* ***Current positions outside Legrand group:*** Nil. ***Positions held during the past five years and now discontinued:*** Director and Honorary Chairman of the Board of Directors of Legrand France (Chairman of the Board of Directors and Chief Executive Officer till the beginning of 2006) Member of the Supervisory Board of Michelin* Director of BNP Paribas*

* *Listed company.*

Name	Positions held in French and foreign companies
Gérard Lamarche Age 53 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Director of SGS (Switzerland) Director of Groupe Bruxelles Lambert*(Belgium) and Managing Director Director of Total* Director of Lafarge* Adviser (Censeur) of GDF SUEZ* ***Positions held during the past five years and now discontinued:*** Director of Electrabel Director of Suez Environnement Company Director of International Power Plc Director of Europalia Director of GDF Suez Belgium Director of Aguas de Barcelona Director of GDF Suez E.S. Director of Suez-Tractebel Director of Fortis Banque Director of Suez Environnement North America Director of Leo Holding Company
Thierry de La Tour d'Artaise Age 60 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Director of Zhejiang SUPOR (China) Director of Club Méditerranée* Permanent representative of Sofinaction, Director of Lyonnaise de Banque Chairman and CEO of SEB SA* Chairman of SEB Internationale (SAS) ***Positions held during the past five years and now discontinued:*** Director of Plastic Omnium*
Dongsheng Li Age 57 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Chairman of TCL Multimedia Technology Holdings Ltd* Chairman of TCL Communication Technology Holdings Limited* Independent Director of Tencent* Chairman and CEO of TCL Corporation ***Positions held during the past five years and now discontinued:*** Nil.
Annalisa Loustau Elia Age 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Nil.
Eliane Rouyer-Chevalier 62 ans 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current position – Legrand group:*** Director of Legrand* ***Current positions outside Legrand group:*** Chairman of ERC Consulting ***Positions held during the past five years and now discontinued:*** Member of the Executive Committee of Edenred*

* *Listed company.*

APPENDIX 3

Statutory Auditors' report on the financial statements Year ended December 31, 2014

Legrand
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2014 on:

- the audit of the accompanying financial statements of Legrand (the "Company");
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of financial position of the Company as at December 31, 2014 and the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

Note 1.3 to the financial statements sets forth the accounting policies related to the valuation of investments in participating interests. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and of the information given in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

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III. SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code *(Code de Commerce)* relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Edouard Sattler

Deloitte & Associés
Jean-Marc Lumet

APPENDIX 4

Board of Directors Report

Presentation of the Agenda for the Combined Ordinary and Extraordinary General Meeting of May 29, 2015

This document outlines the key issues in the draft resolutions submitted by your Board of Directors to the General Meeting of Shareholders called for May 29, 2015. As a result, it is not exhaustive and cannot replace a careful review of the draft resolutions before you exercise your voting rights at the Meeting.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 29, 2015 to consider the following agenda:

I – RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2014 (1st and 2nd resolutions)

The first two resolutions give you the opportunity, after having reviewed the reports of the Board of Directors and the Statutory Auditors, to vote on approval of the Company and consolidated financial statements for the financial year ended December 31, 2014 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2014:

- the Company's financial statements show a net profit of €215,924,061.53;
- the Company's consolidated financial statements show a net profit of €531.7 million.

More particularly, the first resolution allows you to decide on the overall amount of costs and expenses referred to in Article 39-4 of the French Tax Code (*Code général des impôts*), *i.e.* costs and expenses excluded from costs deductible for tax purposes.

Appropriation of earnings and determination of dividend (3rd resolution)

In the third resolution, you will vote on appropriating the Company's earnings and determining a dividend. The proposal before you is as follows:

- After you have observed that the Company's net book profit for the financial year ended December 31, 2014 amounts to €215,924,061.53;
- €8,943,208.44 of this net profit would be appropriated to the legal reserve;
- with the result that, factoring in retained earnings from previous years amounting to €41,117,479.05, the amount available for distribution would be €248,098,332.14.

Your Board has therefore proposed that you distribute a dividend amounting to €1.10 per share, for a total of €292,450,189.90, based on the number of shares making up the capital stock at December 31, 2014, minus the treasury shares held by the Company at that date. It may be noted that the share of the amount thus distributed exceeding the amount of distributable income shall be deducted from the "issue premium" account.

The overall amount of €292,450,189.90, the distribution of which is being submitted to your approval, thus comprises both distributable income in an amount of €248,098,332.14 and a deduction from the "issue premium" account in an amount of €44,351,857.76.

In the event of a change before the ex-dividend date in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly.

No dividends would be due on any shares held by the Company itself or cancelled before the payment date.

The distribution of an amount of €1.10 per share, for which your approval is being sought, would be subject to two separate taxation schemes for individual shareholders residing in France:

- In the amount of €0.93, the dividend paid would be considered as taxable income subject to sliding-scale income tax and eligible, for individual shareholders residing in France, for the 40% exemption provided for under Article 158-3-2° of the French Tax Code *(Code Général des Impôts)*. This portion of dividend is, in principle, subject to a compulsory withholding tax of 21% on its gross amount, excluding social security contributions, said levy being attributable to income tax on revenue received during the 2015 fiscal year. However, under article 117 *quater* of the French Tax Code *(Code Général des Impôts)*, "individual shareholders belonging to a tax household whose reference fiscal income for the penultimate year, as defined in article 1417, section 4, sub-section 1, is less than €50,000 for taxpayers who are single, divorced or widowed or less than €75,000 for taxpayers subject to joint taxation, may request exemption from this levy". Such persons should, on their own initiative, submit a request for exemption according to the conditions set out in article 242 *quater* of the French Tax Code *(Code Général des Impôts)*. This portion of dividend is also subject to a withholding tax of 15.5% for social security contributions.

- In the amount of €0.17, the dividend payment deducted from the "issue premium" account would be considered as a repayment of paid-in capital within the meaning of article 112-1° of the French Tax Code *(Code Général des Impôts)*, therefore non-taxable for individual shareholders residing in France; it would however reduce the fiscal share cost price by the amount of €0.17 per share.

The tax-related items of information presented here are those applicable at the time of drafting this report. In the event of a significant change in the relative portions per share of the amount considered as taxable income subject to sliding-scale income tax and the amount considered as repayment of paid-in capital, for instance due to a change in the number of treasury shares held at the ex-dividend date, additional information will be issued by the Company. As a general rule, shareholders are invited to consult their usual advisers as to applicable taxation schemes.

If this resolution is adopted, the ex-dividend date on Euronext Paris would be June 2, 2015, and the dividend would be paid to shareholders on June 4, 2015.

Agreements and commitments falling under article L. 225-38 (4th, 5th and 6th resolutions)

Regulated agreements and commitments falling under article L 225-38 of the French Commercial Code *(Code de Commerce)* must be submitted to the General Meeting for approval.

The special report by the Company's Statutory Auditors included in section 8.4.2 of the Company's 2014 Registration Document, and which is also available on the Company's website, gives details of the regulated agreements and commitments entered into by the Company.

Amendment to the 2011 Refinancing Contract (4th resolution)

The fourth resolution concerns the approval of an amendment to the refinancing contract dated October 20, 2011, the main purpose of which was the setting-up of multicurrency lines of credit in a maximum amount of €900,000,000, thus enabling the Group to refinance an existing line of credit and secure bank financing for its everyday needs (the "**2011 Contract**").

On July 25, 2014, an amendment was added to the 2011 Contract, to enable the Company and its subsidiaries to enjoy improved financial conditions in comparison with those initially provided under the 2011 Contract (the "**Amendment**"). The Amendment further provided for maximum maturity of the lines of credit to be extended by three years, until July 2021.

Before being concluded, the Amendment was authorized by the Company's Board of Directors at its meeting on May 6, 2014. In line with the procedure applicable to regulated agreements and commitments falling under article L 225-38 *et seq.* of the French Commercial Code *(Code de Commerce)*, the fourth resolution requests your approval of the Amendment.

Supplementary pension plan (5th resolution)

In an advance notification letter sent to the Chairwoman of the Compensation Committee and during the Board of Directors meeting on March 18, 2015, Mr. Gilles Schnepp announced his decision unilaterally and irrevocably to waive his entitlement to the defined benefit supplementary pension plan of which he is a beneficiary. At the same Board meeting, the members of the Board of Directors took note of Mr. Gilles Schnepp's decision unilaterally and irrevocably to waive his entitlement, and authorised the cancellation of this commitment.

In line with the procedure applicable to regulated agreements and commitments pursuant to articles L 225-38 *et seq.* of the French Commercial Code *(Code de Commerce)*, the fifth resolution requests your approval of the cancellation of agreements and commitments concerning the supplementary pension plan of which Mr. Gilles Schnepp is a beneficiary, subsequent to his unilateral and irrevocable decision to waive this entitlement.

Non-competition clause (6th resolution)

Meeting on March 18, 2015, members of the Board of Directors authorised the cancellation of the non-competition clause which had been provided in respect of Mr. Gilles Schnepp's corporate office.

This proposal to cancel the non-competition clause results from a comparative survey of market practice which showed that such a scheme was not widely applied.

In line with the procedure applicable to regulated agreements and commitments pursuant to articles L 225-38 *et seq.* of the French Commercial Code *(Code de Commerce)*, the sixth resolution requests your approval of the cancellation of Mr. Gilles Schnepp's non-competition clause, it being understood that he will therefore cease to benefit from the compensation provided for in said clause.

Opinion on compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the financial year ended December 31, 2014 (7th resolution)

In line with the recommendations of the Afep-Medef Code of Corporate Governance, to which the Company makes reference pursuant to Article L. 225-37 of the French Commercial Code (*Code de commerce*), the compensation components due or allocated to the Executive Director in respect of financial year 2014 are submitted to your opinion.

Consequently, the seventh resolution asks that you issue a favorable opinion on the compensation components listed below due or allocated in respect of financial year 2014 to Mr. Gilles Schnepp, Chairman and Chief Executive Officer.

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Compensation components due or allocated in respect of financial year 2014 to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted to shareholders' opinion

Compensation components due or allocated for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date.
Annual bonus	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2014 financial year could vary between 0% and 150% of fixed annual compensation (with a target value set at 100% of fixed annual compensation) and would be determined as follows: ■ from 0% to 112.5% (with a target value set at 75%) depending on a quantitative portion calculated on the basis of criteria linked to (i) achievement of a certain level of "economic result," *i.e.* adjusted operating income less the cost of capital employed, (ii) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2014-2018 sustainable development road map; and ■ from 0% to 37.5% (with a target value set at 25%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, consolidation/development of acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. Based on the work and proposals of the Compensation Committee[1], the Board, at its meeting on March 18, 2015, set: ■ the amount of the variable portion due in respect of meeting quantitative targets at 51.1% of annual fixed compensation; and ■ the amount of the variable portion due in respect of meeting qualitative targets at 34.5% of annual fixed compensation. Details of the rate of achievement of the quantitative and qualitative criteria are presented section 7.2.2.1 of the Company's Registration Document. The amount in annual variable compensation due for 2014 therefore corresponds to an achievement rate of 57.1% of the maximum of the annual objectives, *i.e.*, 85.6% of the target.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long term incentive	No amount is due in respect of the 2014 financial year (IFRS value: €600,508)	On the recommendation of the Compensation Committee, the Board of Directors, at its meeting of March 5, 2014 decided to implement a Future Performance Unit plan to which Mr. Gilles Schnepp is entitled. This plan is described in sections 7.2.1.1 and 7.2.2.1, pages 166 et seq. and page 170 of the Company's Registration Document.
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional compensation.
Stock options, performance shares or any other long-term compensation component	Stock-options: Not applicable	There was no grant during the 2014 financial year.
	Performance shares: Not applicable	There was no grant during the 2014 financial year.
	Other long-term compensation components: Not applicable	There was no grant during the 2014 financial year.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees (he waived his right to receive attendance fees from 2011).
Valuation of all types of benefit	€3,928	During the 2014 financial year, Mr. Gilles Schnepp waived his entitlement to a company car.

(1) As explained in Sections 7.1.2 and 7.1.3 above, in the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments	Amounts	Details
Severance payment	Not applicable	There is no commitment in this regard.
Non-compete compensation	Not applicable	There is no commitment in this regard.
Supplementary pension plan	Not applicable	Mr. Gilles Schnepp has waived unilaterally and irrevocably the benefit of the supplementary pension plan described in the Company's Registration Document of previous years.

Summary table of criteria for determining the Executive Director's 2014 annual bonus

Mr. Gilles Schnepp's annual bonus in respect of financial year 2014 was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantitative 75% of variable total	Economic income	Adjusted operating income less the cost of capital employed	As a % of fixed compensation	0%	**50%**	75%	**34.6%**
			Economic income in € millions		737		716
	Organic growth	Organic revenue growth as a %	As a % of fixed compensation	0%	**10%**	15%	**3.3%**
			2014 targets		1.5%		0.5%
	Acquisitions	2014 revenue growth by scope of consolidation	As a % of fixed compensation	0%	**5%**	7.5%	**2.7%**
			% of scope of consolidation impact on 2014 revenue growth		5%		2.7%
	Corporate Social Responsibility (CSR)	Achievement of 2014-2018 Sustainable Development road map priorities	As a % of fixed compensation	0%	**10%**	15%	**10.5%**
			Average rate of achievement of 2014 intermediate targets for the 21 priorities in the 2014-2018 Sustainable Development road map		100%		103%
	QUANTITATIVE TOTAL			**0%**	**75%**	**112.5%**	**51.1%**
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	10%	15%	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, consolidation/ development of acquisitions already made		0%	10%	15%	15%
	General criteria	Risk management, labour issues, succession plans		0%	5%	7.5%	7.5%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**	**34.5%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**85.6%**

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For more information about Company policy on the compensation and benefits of the Executive Director, please refer to paragraph 7.2 of the Company's Registration Document.

Renewal of the Director's mandate of Ms. Éliane Rouyer-Chevalier (8th resolution)

The Director's mandate of Ms. Éliane Rouyer-Chevalier is expiring at the end of today's General Meeting. The eighth resolution asks you, in line with the recommendation of the Nominating and Governance Committee, to renew her mandate for a period of four years, ending at the date of the General Meeting of shareholders called in 2019 to consider the financial statements for the financial year ending December 31, 2018.

The Nominating and Governance Committee and the Board of Directors are both favourable to the renewal of Ms. Éliane Rouyer-Chevalier's mandate, with a view to stabilising the current Board membership which they consider to be balanced. They find current Board members to be of diverse origin and possessing varied and mutually complementary sets of skills (Board of Directors membership is explained in more detail in section 7.2, page 138 of the Company's Registration Document). Besides, having past and current representatives of Legrand's General Management team on the Board ensures the Board enjoys extensive knowledge of the Group and its workings.

On the occasion of the eleventh edition of the Corporate Governance Awards (*Grands Prix des Gouvernements d'Entreprise*) organised by AGEFI, on September 24, 2014, Legrand was awarded several prizes including the Silver Governance Award for Board of Directors Membership. This award reflected recognition of several characteristics of Legrand's Board, including the percentage of female members (currently, 40%), the number of different nationalities among members (5 different nationalities currently represented on the Board), the provision of detailed information about Board members, the duration of their term of office (4 years) and their independence (currently, 70% of the Board are independent Directors).

Ms. Éliane Rouyer-Chevalier has been a Director of the Company since 2011 and is also a member of its Audit Committee. She possesses acute skills in investor relations and corporate social responsibility, and is qualified in financial and accounting matters. Should you decide to vote for the proposed renewal of her mandate, it is envisaged for Ms. Éliane Rouyer-Chevalier to remain part of the Audit Committee.

At its meeting on March 18, 2015, the Board of Directors, following a recommendation of the Nominating and Governance Committee, confirmed its assessment to the effect that (i) there were no significant business relationships between Ms. Éliane Rouyer-Chevalier and Legrand and that (ii) Ms. Éliane Rouyer-Chevalier could be considered as an independent Director.

A summary biography of Ms. Éliane Rouyer-Chevalier is given below.

Éliane Rouyer-Chevalier

Éliane Rouyer-Chevalier, 62, is a French national and holds a master's degree in economics from Paris-II-Assas University.

She joined Accor Group in 1983 where she held the position of Head of international financing and foreign currency cash management before being appointed, in 1992, Director of Investor Relations and Financial Communication. From 2010 until 2012, she was a member of the Executive Committee of Edenred, a company born of a divisive reorganization of Accor Group, as Managing Director in charge of corporate and financial communications and of corporate social responsibility policy. She is the Chairwoman of ERC Consulting since 2013.

Éliane Rouyer-Chevalier was Chairwoman of the French Investor Relations Association (CLIFF) from 2004 to 2014 and is currently Vice-Chair of the Financial Communication Observatory (OCF). She has been a Board member of the French Institute of Tourism since 2013, and of the Federation of Individual Investors and Investment Clubs (F2IC) since 2014.

Éliane Rouyer-Chevalier holds 1,350 Legrand shares.

For information purposes, should you decide to vote in favour of the renewal put before you, the terms of each of the Company's ten Directors' mandates would run as follows:

Director	2016	2017	2018	2019
Mr. Gilles Schnepp			X	
Mr. François Grappotte			X	
Mr. Olivier Bazil			X	
Ms. Christel Bories	X			
Ms. Angeles Garcia-Poveda	X			
Mr. Gérard Lamarche	X			
Mr. Thierry de La Tour d'Artaise	X			
Mr. Dongsheng Li			X	
Ms. Annalisa Loustau Elia		X		
Ms. Éliane Rouyer-Chevalier				X
NUMBER OF RENEWALS PER YEAR	**4**	**1**	**4**	**1**

Renewal of share buyback program (9th resolution)

This resolution asks that you grant your Board of Directors a new authorization to repurchase Company shares, with concomitant cancellation of the previous authorization, granted by the Combined General Meeting of May 27, 2014.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 29, 2015, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any event, at no time would this authorization raise the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares making up the Company's share capital on the date in question.

The shares repurchased and held by the Company would have no voting rights and would not be entitled to dividends.

The goals of the buyback program would be:

- to ensure liquidity and active trading of Company shares;
- to (i) implement, in accordance with applicable legislation, (a) any and all plans relating to options to purchase new or existing shares, (b) any and all employee share-ownership transactions, (c) any and all free allocations of shares and share allotments for the purpose of profit-sharing, and (ii) undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted; or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des marchés financiers*), or for any other purpose consistent with prevailing regulations.

We propose that you set the maximum purchase price per share at €70 (excluding acquisition fees and adjustment events) and limit the total amount appropriated for the share buyback program to €1 billion.

The authorization granted by this resolution would be valid for 18 months from the date of the General Meeting called for May 29, 2015. It could not be used during any period during which shares are made available through public offerings.

For reference, at December 31, 2014, the Board of Directors has used the previous authorization as follows:

- the total amount of buybacks implemented by the Company was €106,321,078;
- the Company held 493,806 shares with a par value of €4, for a total of €1,975,224, representing 0.19% of the Company's capital (of which 468,806 shares excluding liquidity contracts, purchased at a total cost of €20,175,211, (i) to hedge its commitments to option grantees, recipients of performance shares, and to an FCPE employee share-ownership fund under a profit-sharing program), or (ii) for subsequent cancellation;
- the balance of the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 25,000 shares.

II - RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Restriction on the implementation of currently applicable financial authorizations for the duration of public offerings aimed at Company securities (10th resolution)

The purpose of the tenth resolution is to specify that the financial authorizations approved by the General Meeting on May 27, 2014 pursuant to resolutions No.s 12, 13, 14, 15, 16 and 18, cannot be implemented for the duration of any public offering aimed at Company securities.

This resolution is to be seen in the context of French parliamentary Act no. 2014-384 dated March 29, 2014, commonly referred to as the "Florange Act", which rescinded the neutrality principle previously applicable to issuers' governance bodies (Board of Directors and General Management) whereby the latter could not, during a public offering, take any measures liable to cause the failure of said offering without having received prior approval from shareholders.

Pursuant to the "Florange Act", issuers' governance bodies are henceforth free to take any measure during a public offering. They may, however, revert to the neutrality principle by expressly specifying that financial authorizations granted to the Board of Directors or the General Management must not be implemented while a public offering is in progress.

As the abandonment of the neutrality principle has given rise to keen concerns on the part of some shareholders, the tenth resolution before you proposes restoring this principle.

With the exception of the resolution concerning the buyback of Company shares (share buyback program) which you are being asked to renew this year, the various currently applicable financial authorizations were granted by the General Meeting on May 27, 2014, that is to say prior to promulgation of the "Florange Act". Accordingly, in order to restore the neutrality principle and make it applicable to these financial authorizations, you are asked to expressly restrict their use during public offerings aimed at Company shares.

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Modification of Article 9.3 of the Company's Articles of Association so as to grant the Lead Director the power directly to call meetings of the Board of Directors (11th resolution)

The eleventh resolution before you proposes modifying Article 9.3 of the Company's Articles of Association, so as to grant the Lead Director the power, in the cases provided for in the Board of Directors' Regulations, to issue notice to Directors to attend a meeting of the Board.

This proposed statutory amendment follows on from considerations on the part of the Nominating and Compensation Committee[1] concerning the Company's good governance.

Note that the Board of Directors' Regulations were modified on November 6, 2013 to the effect of making it mandatory for a Lead Director to be appointed if the positions of Chairman and Chief Executive Officer are held by the same person, as recommended by the AMF in its 2013 report on corporate governance and executive directors' compensation. It was considered at the time that the appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance.

The Board of Directors duly appointed Ms. Angeles Garcia-Poveda to the position of Lead Director for the remainder of her term of office as Director, *i.e.* until the end of the Shareholders' General Meeting called in 2016 to examine the financial statements for the financial year ended December 31, 2015.

In accordance with the Board of Directors' Regulations, the Lead Director presented an activity report to the Board of Directors at its meeting on March 18, 2015, whereupon Directors proceeded to examine the workings of this governance body and its powers. They expressed a wish to increase the latter and, in particular, to confer upon the Lead Director the power to call a meeting of the Board of Directors on a specific agenda the importance and/or urgency of which justified calling such an extraordinary meeting. The Board considered that this power would usefully complement the various safeguards set up at Legrand to ensure a satisfactory balance of powers in terms of governance.

Such is the background to the eleventh resolution, which aims to pursue a process of bolstering good governance practices at Legrand which goes back several years and which was rewarded in 2014 on the occasion of the eleventh edition of the Corporate Governance Awards (*Grands Prix des Gouvernements d'Entreprise*) organised by AGEFI, on September 24, 2014, when Legrand was awarded several prizes including the Corporate Governance Grand Prix (*Grand Prix du Gouvernement d'Entreprise*) and the Golden Governance Dynamics Award (*Trophée Gouvernance d'Or Dynamique de Gouvernance*), the latter rewarding the best overall improvement in corporate governance practices.

Modification of Article 12.1 of the Company's Articles of Association so as to bring them into conformity with new regulations concerning the preparation of Shareholders' General Meetings (12th resolution)

French decree No. 2014-1466 dated December 8, 2014 modified the timeframe and rules for establishing the list of persons entitled to take part in a shareholders' general meeting as follows:

- **regarding the deadline date for establishing the list of shareholders entitled to take part in a shareholders' general meeting and for including on the meeting's agenda a point or resolution submitted by a shareholder:** this date is henceforth set on the second business day, 0 am, Paris time, preceding the meeting (instead of the third business day, 0 am, Paris time, preceding the meeting);
- **regarding the registration conditions required to allow shareholders to vote at these meetings:** the new regulations have abandoned the criterion of the accounting registration date of shares on the purchaser's securities account (negotiated position), in favour of the pre-condition of final booking of shares on the purchaser's securities account (settled position). Thus, any transactions which have been negotiated but not yet finally settled – as of October 6, 2014, the time between negotiation and settlement is two days – will no longer be recognized with a view to determining a shareholder's entitlement on the date of the meeting.

Consequently, the twelfth resolution requests that you amend the Company's Articles of Association to ensure their compliance with this newly applicable rule.

Modification of Article 12.4 of the Company's Articles of Association – Elimination of double voting rights (13th resolution)

The thirteenth resolution proposes amending Article 12.4 of the Company's Articles of Association so as to eliminate double voting rights.

This proposed statutory amendment reflects the Company's desire to restore the "one share, one vote" principle, in response to demand expressed by various shareholders desirous to see this principle enforced.

For your information, the Company's Articles of Association provided for a double voting rights mechanism since 2006.

Adoption of this statutory amendment would mean the Company's Articles of Association expressly eliminating double voting rights, in line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (*Code de commerce*) as amended by Act No. 2014-384 of March 29, 2014.

Powers to effect formalities (14th resolution)

This resolution is customary and would allow your Board of Directors to proceed with all legally required filings, formalities and publications after the General Meeting of Shareholders called for May 29, 2015.

Made on March 18, 2015 by the Board of Directors.

(1) The Nominating and Compensation Committee was divided into two separate committees at the Board of Directors meeting on March 18, 2015. The resulting new committees are the Nominating and Governance Committee on the one hand, and the Compensation Committee on the other.

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 29, 2015

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements at December 31, 2014)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Company in the 2014 financial year, of the Chairman of the Board's report as scheduled to the management report; the auditors' report on the annual financial statements; and the auditors' report on the Chairman's report, shareholders approve the Company's financial statements at December 31, 2014 as presented, which show a net profit of €215,924,061.53, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Moreover, as provided in Article 223 *quater* of the French Tax Code (*Code général des impôts*), shareholders approve the overall amount of costs and expenses referred to in Article 39-4 of the French Tax Code, which amounts to €37,175 for the 2014 financial year, as well as the related amount of tax incurred, in the amount of €12,799.

Second Resolution (Approval of the consolidated financial statements at December 31, 2014)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Group in the 2014 financial year together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements at December 31, 2014 as presented, which show a net profit excluding minority interests of €531.7 million, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Third Resolution (Appropriation of earnings and determination of dividend)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' and auditors' reports on the annual financial statements, shareholders:

1. observe that the net book profit for the financial year ended December 31, 2014 amounts to €215,924,061.53;
2. resolve to appropriate €8,943,208.44 of this net profit to the legal reserve;
3. observe that, after this appropriation of €8,943,208.44 to the legal reserve and considering retained earnings from previous years amounting to €41,117,479.05, the amount available for distribution is €248,098,332.14; and
4. resolve to distribute a dividend to shareholders amounting to €1.10 per share, making a total amount of €292,450,189.90 on the basis of the number of shares making up capital stock at December 31, 2014 and after deduction of treasury shares held at this date, it being specified that the share of the amount thus distributed exceeding the amount of distributable income, *i.e.* €44,351,857.76 (on the same basis) shall be deducted from the "issue premium" account.

In the event of a change before the ex-dividend date in the number of shares entitling holders to a dividend from the 266,357,615 shares making up capital stock at December 31, 2014, the total amount of dividends will be adjusted accordingly.

The ex-dividend date on Euronext Paris is June 2, 2015 and the dividend referred to in paragraph 4 above will be made payable from June 4, 2014.

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 own shares held by the Company at the dividend payment date and the number of shares cancelled before that date, the total amount of the dividend and, by the same token, the amount to be deducted from the "issue premium" account.

Concerning the tax treatment of the €1.10 dividend per share proposed to Company shareholders, it is specified that this distribution will be considered, for tax purposes:

- in the amount of €0.93, as taxable income subject to sliding-scale income tax and eligible, for individual shareholders residing in France, for the 40% exemption provided for under Article 158-3-2° of the French Tax Code *(Code Général des Impôts)*;
- in the amount of €0.17 deducted from the "issue premium" account, as a repayment of paid-in capital within the meaning of article 112-1° of the French Tax Code *(Code Général des Impôts)*, therefore non-taxable for individual shareholders residing in France but reducing the fiscal share cost price.

Shareholders note that dividends paid and earnings distributed eligible for the 40% income-tax exemption provided for under Article 158-3-2° of the French Tax Code in respect of 2011, 2012 and 2013 financial years were as follows:

			Earnings distributed per share	
Financial year	Shares with dividend entitlement	Net dividend per share	Eligible for the 40% income-tax exemption provided for under Article158-3-2° of the French Tax Code	Not eligible for the 40% income-tax exemption provided for under Article 158-3-2° of the French Tax Code
2011	263,449,797 shares with a par value of €4	€0.93	€0.93	€0
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0

Fourth Resolution (Amendment to the 2011 Refinancing Contract)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the auditors' special report, shareholders take note of the conclusions of said report concerning the amendment dated July 25, 2014 to the refinancing contract dated October 20, 2011, and approve said amendment.

Fifth resolution (Supplementary pension plan - Agreement falling under article L. 225-38 of the French Commercial Code *(Code de Commerce)*)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the auditors' special report, shareholders take note of the conclusions of said report concerning the cancellation of the agreements and commitments relating to the supplementary pension plan, subsequent to the unilateral and irrevocable decision by Mr. Gilles Schnepp on March 18, 2015 to waive his benefits in this regard, and approve this cancellation.

Sixth resolution – (Non-competition agreement - Agreement falling under article L. 225-38 of the French Commercial Code *(Code de Commerce)*)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the auditors' special report, shareholders take note of the conclusions of said report concerning the cancellation of the non-competition agreement (and the related commitment to payment of compensation) with regard to Mr. Gilles Schnepp, and approve this cancellation.

Seventh Resolution (Consultative opinion on the compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the financial year ended December 31, 2014)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders, consulted in accordance with the Afep-Medef code of corporate governance published in June 2013 (paragraph 24-3), which constitutes the Company's code of reference pursuant to Article L. 225-37 of the French Commercial Code (*Code de commerce*), issue a favourable opinion on the compensation components due or allocated in respect of the 2014 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, as set out in the 2014 Registration Document, Appendix 2 "Management report of the Board of Directors on March 18, 2015 to the Annual General Meeting scheduled on May 29, 2015", in the section entitled "Compensation components due or allocated in respect of the 2014 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, subject to the opinion of shareholders", presented by the Board of Directors in respect of the financial year ended December 31, 2014.

Eighth Resolution (Renewal of the Director's mandate of Ms. Éliane Chevalier)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Board of Directors' report, shareholders note that the Director's mandate of Ms. Éliane Chevalier expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew her mandate as Director for a period of four years, ending at the date of the Ordinary General Meeting of shareholders called in 2019 to consider financial statements for the financial year ending December 31, 2018.

Ninth Resolution (Authorization granted to the Board of Directors to allow the Company to trade in its own shares)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders:

1. authorize the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, in accordance with Article L. 225-209 and following of the French Commercial Code (*Code de commerce*), to purchase, or to have purchased, Company shares representing at most 10% of the Company's capital stock at the date of this Meeting, it being noted that, when shares are bought to ensure the market liquidity of Legrand shares under the conditions described below, the number taken into account for the calculation of this limit of 10% will be the number of shares bought less the number of shares resold during the term of this authorization;

2. provide that shares may be bought, sold, exchanged or transferred for the purposes of:

- ensuring the liquidity and active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Code of Practice recognized by France's Financial Markets Authority (*Autorité des marchés financiers*),
- implementing (i) any and all Company stock options plans in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code or any other similar plan, (ii) any and all Group employee share-ownership programs in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*) or to provide for share allotments for employee profit-sharing and/or in lieu of discount according to the applicable legal and regulatory provisions, (iii) any and all free share allotments pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code, and any and all share allotments for employee profit-sharing, as well as providing cover for such transactions at such times as the Board of Directors or the person acting on its behalf takes action,
- holding and subsequently transferring shares by way of exchange or payment relating to a business acquisition, merger, demerger or transfer of assets, it being specified that the number of shares acquired by the Company with a view to holding these and employing them at a later date as payment for or in exchange for a merger, demerger, or transfer of assets may not exceed 5% of the Company's capital stock,
- delivering shares on the exercise of rights attached to securities providing immediate or future access to the equity of the Company, through redemption, conversion, exchange, presentation of a warrant or in any other way,
- cancelling all or some of the shares so purchased, pursuant to the eleventh resolution adopted by the General Meeting on May 27, 2014, or
- carrying out such other practices as may be permitted or recognized by law or by the Financial Markets Authority, or pursuing any other objective complying with applicable laws and regulations.

Shares may be purchased, sold, transferred or exchanged, directly or indirectly, in particular by any third party acting on behalf of the Company under the conditions provided by the last section of Article L. 225-206 of the French Commercial Code (*Code de commerce*), 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 several steps, 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 by delivering shares subsequent to the issue of securities providing access to the equity of the Company, through redemption, conversion, exchange, presentation of a warrant or in any other way, directly or indirectly through the intermediary of an investment services provider.

The maximum price paid for purchases may not exceed €70 per share (excluding acquisition expenses) or the equivalent amount on the same date in any other currency or monetary unit established in reference to more than one currency, it being noted that this price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allotments 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 amount on the same date in any other currency or monetary unit established in reference to more than one currency).

The application of this resolution may not at any time result in the number of own shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at the date considered.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to decide on the use and deployment of this authorization, and in particular to determine the conditions of such use, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the purposes allowed in compliance with law and regulations, to make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in general to take any useful or necessary action for the purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Tenth Resolution (Restriction on the implementation of currently applicable financial authorizations for the duration of public offerings aimed at Company securities)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report, shareholders decide that financial authorizations approved by the General Meeting on May 27, 2014 on May 27, 2014 pursuant to resolutions No.s 12, 13, 14, 15, 16 and 18, cannot be implemented without shareholders' agreement for the duration of any public offering aimed at Company securities.

Eleventh Resolution (Modification of Article 9.3 of the Company's Articles of Association)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report, shareholders decide to modify Article 9.3 of the Company's Articles of Association as follows (modifications underlined):

"The Board of Directors shall meet as often as the interests of the Company require.

The Directors shall be called to meetings of the Board of Directors by its Chairman, or failing that, by the Vice-Chairman, <u>or in the cases provided for in the Board of Directors' Regulations, by the Lead Director.</u>

The Chief Executive Officer may also ask the Chairman to call a meeting of the Board of Directors to consider a particular agenda.

Whenever the Board has not met for more than two months, at least one third of the members of the Board of Directors may ask the Chairman to call a meeting of the Board to consider a particular agenda.

The Chairman must comply with requests made to him pursuant to the foregoing two paragraphs.

Subject to the provisions of the foregoing three paragraphs, the agenda shall be settled by the Chairman and may, where necessary, be settled only at the time of the meeting.

Notices of meetings shall be issued by any means including verbally, and meetings may take place at the registered office or at any other place indicated in the notice of meeting, whether in France or abroad."

Twelfth Resolution (Modification of Article 12.1 of the Company's Articles of Association)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report, shareholders decide to modify Article 12.1 of the Company's Articles of Association as follows (modifications underlined):

"Subject to the restrictions provided by law and regulations, every shareholder shall be entitled to attend General Meetings and to take part in the deliberations whether personally or through a proxy, regardless of the number of shares that he owns.

<u>The right to attend 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 behalf, under the conditions and within the time limits provided for in current legislation.</u>

Any shareholder wishing to vote by post or by proxy must have filed a proxy voting form, postal voting form or equivalent single document at the registered office or at any other place indicated in the notice of meeting within the time limits and <u>according to the conditions provided for in current legislation</u>. The Board of Directors may, for any General Meeting, shorten this period by way of a general decision for the benefit of all shareholders.

In the event of a decision to this effect by the Board of Directors, mentioned in the notice of meeting, shareholders may, subject to the conditions and time limits provided by law and regulations, send their proxy form and postal voting form by any means of telecommunication, including electronic means, that allow their identification and whose nature and conditions are determined by current legislation."

Thirteenth Resolution (Modification of Article 12.4 of the Company's Articles of Association – Elimination of double voting rights)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report, shareholders:

1. decide, with effect from the end of this Shareholders' Meeting, to eliminate the double voting rights attached to Company shares according to the provisions of Article 12.4 of Company Articles of Association;
2. decide, in line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (*Code de commerce*) as amended by Act No. 2014-384 of March 29, 2014 on reestablishing the real economy, to provide expressly for the non-existence of double voting rights;
3. decide, with effect from the end of this Shareholders' Meeting, to amend Company Articles of Association accordingly, *i.e.* to modify section 1 and delete sections 2, 3, 4 and 5 of Article 12.4 of Company Articles of Association to read as follows (modifications underlined):

"Subject to the applicable legal and regulatory <u>restrictions</u>, every member of the General Meeting shall be entitled to a number of votes equal to the number of shares that he owns or represents. <u>In line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (Code de commerce), fully paid-up shares which have been in registered form for at least two years in the name of the same shareholder shall not enjoy double voting rights.</u>";

4. takes note that pursuant to this resolution, from the end of this Shareholders' Meeting, each Company share shall entitle to one vote;
5. takes note that, in accordance with the provisions of Article L. 225-99 of the French Commercial Code (*Code de commerce*), the Special General Meeting of shareholders holding double voting rights has, prior to this General Meeting, approved the elimination of double voting rights attached to Company shares and that consequently this resolution is final.

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Forteenth Resolution (Powers to effect formalities)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to effect all legally required filings, formalities and publications.

APPENDIX 5

Board of Directors Report

Presentation of the Agenda for the Special Meeting of May 29, 2015

This document outlines the key issues in the draft resolutions submitted by your Board of Directors to the Special Meeting of Shareholders holding double voting rights called for May 29, 2015. As a result, it is not exhaustive and cannot replace a careful review of the draft resolutions before you exercise your voting rights at the Meeting.

The Board of Directors has resolved to call a Special Meeting of Shareholders holding double voting rights on May 29, 2015 to consider the following agenda:

MODIFICATION OF ARTICLE 12.4 OF THE COMPANY'S ARTICLES OF ASSOCIATION – ELIMINATION OF DOUBLE VOTING RIGHTS (1ST RESOLUTION)

This resolution proposes amending Article 12.4 of the Company's Articles of Association so as to eliminate double voting rights. This elimination, if adopted, would enter into force only at the end of the Combined Ordinary and Extraordinary General Meeting.

This proposed statutory amendment reflects the Company's desire to restore the "one share, one vote" principle, in response to demand expressed by various shareholders desirous to see this principle enforced.

For your information, the Company's Articles of Association provided for a double voting rights mechanism since 2006.

Adoption of this statutory amendment would mean the Company's Articles of Association expressly eliminating double voting rights, in line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (*Code de commerce*) as amended by Act No. 2014-384 of March 29, 2014.

POWERS TO EFFECT FORMALITIES (2ND RESOLUTION)

This resolution is customary and would allow your Board of Directors to proceed with all legally required filings, formalities and publications after the Special Meeting of Shareholders called for May 29, 2015.

Made on March 18, 2015 by the Board of Directors

Resolutions for the Special Meeting of Shareholders holding double voting rights on May 29, 2015

FIRST RESOLUTION (ELIMINATION OF DOUBLE VOTING RIGHTS AND CORRESPONDING AMENDMENT OF ARTICLES OF ASSOCIATION)

Meeting in accordance with the conditions as to quorum and requisite majority for special general meetings, in accordance with the provisions of Article L. 225-99 of the French Commercial Code (*Code de commerce*), and being apprised of the Board of Directors' management report, shareholders:

1. note that this day's Combined Ordinary and Extraordinary Shareholders' Meeting, meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, has been asked, in its thirteenth resolution, to decide (i) to eliminate, with effect from the end of this day's Combined Ordinary and Extraordinary Shareholders' Meeting, of the double voting rights attached to Company shares according to the provisions of Article 12.4 of Company Articles of Association, (ii) to provide expressly for the non-existence of double voting rights in line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (*Code de commerce*) as amended by Act No. 2014-384 of March 29, 2014 on reestablishing the real economy, and (iii) to make the corresponding amendments to Company Articles of Association, *i.e.* modification of section 1 and deletion of sections 2, 3, 4 and 5 of Article 12.4;
2. note that, in accordance with the provisions of Article L. 225-99 of the French Commercial Code (*Code de commerce*), this decision by the Combined Ordinary and Extraordinary Shareholders' Meeting, to be made final, requires the approval of the elimination of double voting rights attached to Company shares by the Special Meeting of shareholders holding double voting rights;

3. approve the elimination of double voting rights attached to Company share which are fully paid-up and which have been in registered form for at least two years in the name of the same shareholder, with effect from the end of this day's Combined Ordinary and Extraordinary Shareholders' Meeting called to decide upon this elimination;
4. approve the modification, with effect from the end of this day's Combined Ordinary and Extraordinary Shareholders' Meeting, of Article 12.4 of Company Articles of Association to read as follows (modifications underlined):

   "Subject to the applicable legal and regulatory restrictions, every member of the General Meeting shall be entitled to a number of votes equal to the number of shares that he owns or represents. In line with the option provided for under section 3 of Article L. 225-123 of the French Commercial Code (Code de commerce)*, fully paid-up shares which have been in registered form for at least two years in the name of the same shareholder shall not enjoy double voting rights.";*
5. note that as a consequence of this resolution and of the thirteenth resolution submitted to this day's Combined Ordinary and Extraordinary Shareholders' Meeting, each Company share shall entitle to one vote with effect from the end of said Combined Ordinary and Extraordinary Shareholders' Meeting.

SECOND RESOLUTION (POWERS TO EFFECT FORMALITIES)

Meeting in accordance with the conditions as to quorum and requisite majority for special general meetings, shareholders confer on holders of a copy or official extract of the minutes of this Special Meeting all powers necessary to effect all legally required filings, formalities and publications.

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COMPANY HEADQUARTERS
128, avenue de Lattre de Tassigny
87045 Limoges Cedex, France
+33 (0) 5 55 06 87 87