REGISTRATION DOCUMENT

2016

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REGISTRATION DOCUMENT

2016

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AUTORITÉ DES MARCHÉS FINANCIERS
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This is a non binding free translation into English of the Registration Document filed with the *Autorité des Marchés Financiers* (French Financial Markets Authority) on March 31, 2017, 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.

NOTE

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

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

The Company's consolidated financial statements presented in this Registration Document for the financial years ending December 31, 2016 and December 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

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

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

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

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

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

INTEGRATED REPORT

01

Editorial/Message from the Chairman

Gilles Schnepp,
Chairman and Chief Executive Officer

Legrand's history is closely linked to the technological and social changes experienced by the building industry over the past several decades.

Over the past years, each one of us has seen the formidable acceleration of these changes, which have made recent societal and technological megatrends — environmental protection, increased life expectancy, rapid increase in the flow of data and more generally digitalization — major levers for the transformation of the relationship between people and their environment.

These developments continue to change the relationship users have with our products. Thus, the new technologies, especially digital ones, significantly increase the value-in-use of our products for users. This is why we are continuing to fast track our investments in this area: innovation, acquisitions, signing of strategic partnerships and numerous technological alliances.

This positioning of Legrand, responsive to the major global developments, makes not only legitimate, but natural the Group's social responsibility approach, initiated many years ago within our teams across the world.

Given that Legrand's development can only be sustainable if it respects all of our stakeholders and occurs within a broader definition of the business, we are convinced that the full value-creating ability of our operations results from a combination of financial and non-financial performance.

In line with the first edition, this second integrated report aims first of all at presenting, in summary form, our strategy, our governance and our performance, as well as the environment in which we operate, with a view to creating value in the short, medium and long term. Prepared in a spirit of continual improvement, this integrated report draws on the template designed by the International Integrated Reporting Council (IIRC).

Our wish is that this document, as a complement to our other publications, provides information on our Group's ability to fully seize opportunities to create value, in a sustainable, responsible and profitable manner.

1. A self-financed business model creating value over the long term

Legrand is the global specialist in electrical and digital building infrastructure and provides a range of several hundred thousand catalog items subdivided into 7 major product categories, each under the responsibility (product marketing, research and development, manufacturing) of one of 7 Strategic Business Units (SBUs):

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

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

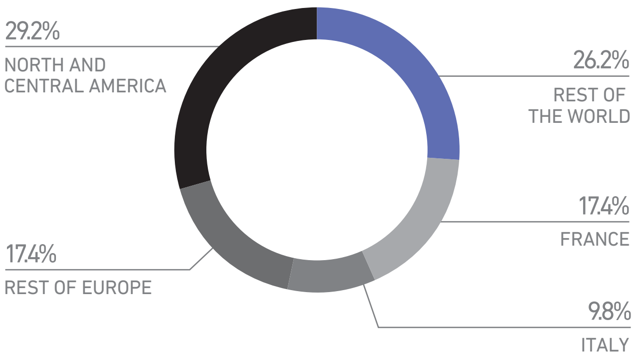
In 2016 Legrand generated sales of more than €5 billion, 68% of which with products that rank number 1 or number 2 in their respective markets. Close to its markets and focused on its entire economic chain, Legrand has nearly 36,000 employees, and commercial and industrial operations in more than 90 countries.

Sales in € million

Adjusted operating profit* in € million

** Operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/profit relating to acquisitions, and, where applicable, to impairment of goodwill.*

2016 net sales by geographic region



ORGANIZATION AND GROWTH DRIVER

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

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

The Group benefits from solid, long-term growth levers. Geographically, more than 80% of its sales are generated outside France, of which 25% are in the United States, the Group's leading country in terms of sales.

With regard to Legrand's business, social megatrends (aging population, increasing willingness to reduce energy consumption, the development of new economies, etc.) and technological megatrends (in particular digital with the Internet of Things), offer the Group long-term growth prospects.

SOCIAL MEGATRENDS

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

TECHNOLOGICAL MEGATRENDS

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

CONSEQUENCES FOR LEGRAND

- Opportunity to boost value-in-use of products: launch of the Eliot program
- Enrichment of building infrastructures: strong growth in the new business segments

At the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes. More generally, Legrand is convinced that new, and particularly digital, technologies, significantly increase the value-in-use of its products and systems for users. The Group has therefore decided to step up its investments in this area: innovation with the launch of the Eliot program in July 2015, followed by its rollout in numerous countries; acquisitions, with the purchase of Raritan, QMotion, Luxul and Solarfective; the signing of various technological partnerships; and taking a stake in Netatmo. It is within this framework that Legrand has set ambitious targets, such as achieving double-digit average total annual growth in sales for connected products between 2014 and 2020. At year-end 2016, the Group's achievements were well ahead of schedule with this development plan.

eliot™
PROGRAM BY LEGRAND

Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the group's innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.

http://www.legrand.com/EN/eliot-program_13238.html

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GROWTH DRIVERS AND DEVELOPMENT MODEL

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

Innovation, particularly technological innovation, as described earlier, which is aimed at fueling organic growth with the regular launch of new offerings – including Eliot connected products that enhance value-in-use – and numerous marketing and sales initiatives.

Among its new technology-linked initiatives, Legrand is also initiating collaborative agreements and technological partnerships with leading players, including Samsung, La Poste and TCL.

The second growth driver for the Group is ***external growth***, with self-financed bolt-on[1] acquisitions of companies with leading positions in their markets or proven technological expertise.

Innovation

R&D
4.9%
of 2016 sales

Over
3,800
active patents in 2016

External growth

Nearly
160
companies acquired since 1954

Of which
51
acquisitions announced since 2004

The other feature of Legrand's business model is that it is self-financed, thanks to the high level of free cash flow generation. As initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity – notably those linked to the "digitalization" of certain processes – and optimal use of capital employed, thanks to the new industrial organization implemented in 2014. Overall, the profits from this industrial transformation are used to finance growth initiatives in new technologies.

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

The Group is listed on Euronext Paris. As of the date on which this Registration Document was filed, it was included in the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating, DJSI World, Euronext Vigeo Eurozone 120, Europe 120, France 20 and World 120 indices, as well as the Ethibel Sustainability Index Excellence.

FOR MORE INFORMATION

2016 Registration Document – Chapter 2

(1) Small- to mid-size acquisitions that complement Legrand's activities.

2. A CSR strategy (Corporate Social Responsibility) that drives the Group's long-term growth

CSR is an integral part of Legrand's development strategy. In particular, its aim is to enable sustainable use of electricity and access to new technologies for everyone, driving improvements for all stakeholders involved in Legrand's activities.

In 2013, Legrand defined a matrix of its issues in the environmental, social and societal areas ("materiality matrix"). The matrix was established based on ISO 26000 recommendations (determining priority action areas) and helped identify the 10 priority issues facing Legrand and its stakeholders and which the Group must address as a priority as part of its CSR strategy. These issues notably place users and their needs at the center of Legrand's concerns.

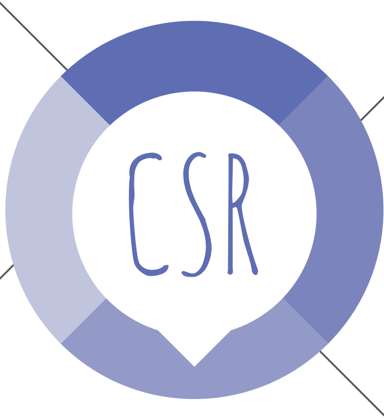
Legrand produces its CSR strategy in the form of a roadmap covering a period of several years. In 2014, Legrand published its third roadmap for the period 2014-2018 expressed around four priorities: user, society, employees and the environment.

EMPLOYEES

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

ENVIRONMENT

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



SOCIETY

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

21 PRIORITIES FOR 2014-2018

USER

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

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

The evaluation of the progress of the roadmap's 21 priorities is measured using indicators deployed at two levels: local (at each Group entity) and consolidated (Group-wide).

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

Short-term compensation, as well as the Long-Term Incentive plan (LTI) for the Executive Officer and for the key managers of the Group are partly indexed to the achievement of the targets established in the CSR roadmap and from Legrand's presence in the main CSR indexes.

FOR MORE INFORMATION
2016 Registration Document- Chapter 4.

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3. Risk management for performance

Risk management is key to the management of the Group's operations and contributes to the achievement of targets.

It involves managing internal and external environments linked to the Group's businesses in accordance with an acceptable risk limit. Risks are by definition dynamic and can change depending on the Group's context or operations.

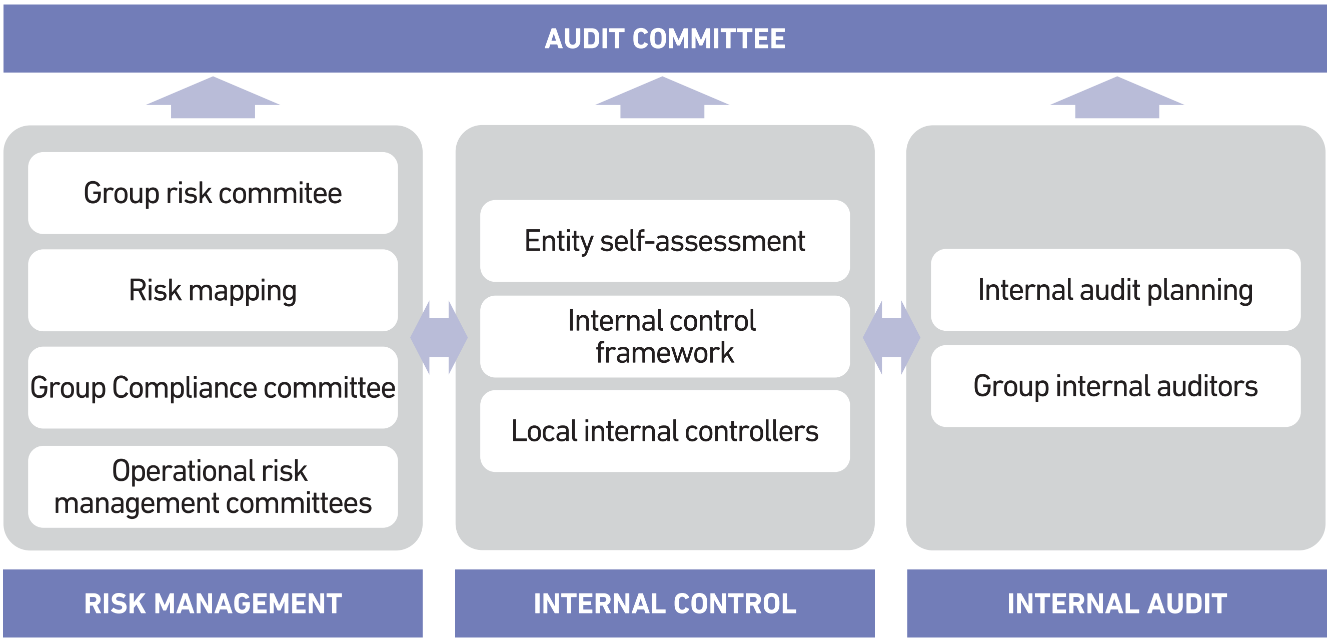
Risk management is therefore a permanent exercise under the responsibility of all Group managers. A dedicated governance framework has been put in place, with a risk committee chaired by the Chairman and Chief Executive Officer, and with operational risk committees in some departments. The Audit committee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

The approach is based on identifying and ranking risks, then defining and managing risk mitigation mechanisms. The probability or impact of the occurrence of risks can be reduced either actively through prevention or risk treatment or passively in case of a natural or structural drop in the risk associated with the Group's operations.

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

FOR MORE INFORMATION

2016 Registration Document - Chapter 3



RISKS MAPPED FOR BETTER MONITORING

Major risks identified through mapping are those that are likely to significantly impact strategy, operations, financial position or reputation and are analyzed around these four topics.

Risk factors are diverse and can be external (competition, technological developments, market turmoil, natural disaster) or internal (equipment or human failure, fraud, bad decisions, non-compliance with regulations and so on).

All risks identified via the Group's risk mapping have a "risk owner" and are the subject of specific mitigating actions, the progress of which is reviewed at the Group risk committee meeting among others.

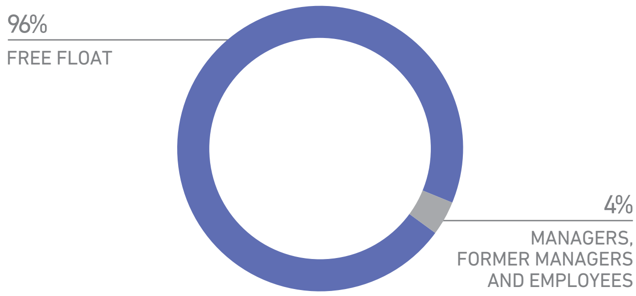
A summary table with the main risks and the related management policies is provided in the 2016 Registration Document.

FOR MORE INFORMATION

2016 Registration Document – Chapter 3 – Heading.

4. Governance at the center of efforts to strike a balance between different challenges

Share ownership structure at December 31, 2016



FOR MORE INFORMATION

2016 Registration Document – Chapter 7 – Paragraph 7.1.1.

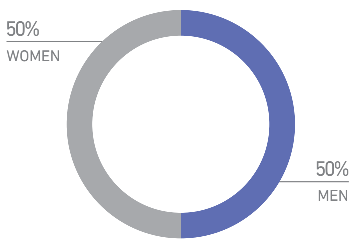
The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance, which can be consulted on Medef's website at: *www.medef.com*.

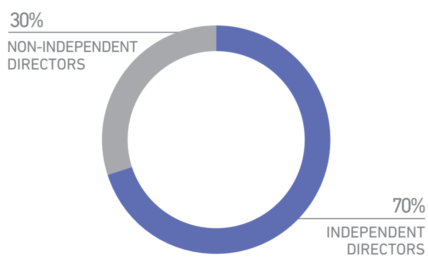
BOARD OF DIRECTORS: INDEPENDENCE, DIVERSE AND VARIED SKILLS

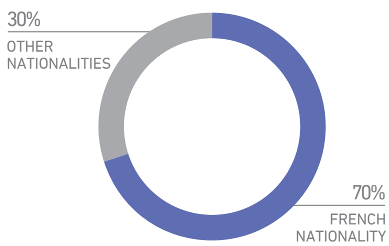
The Board of Directors determines the directions of the Group's operations and ensures their implementation. Subject to powers expressly assigned to shareholders' meetings and in accordance with the corporate purpose, it handles all issues that relate to the proper operation of the Company and resolves by discussion the matters that concern it. The Board's decisions are made within the context of the Group's sustainable development approach.

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

The Board of Directors is constituted as follows:







In 2016, the Board of Directors met six times. Over the past 5 years, Directors' attendance rate at Board meetings was 86%.

At least once a year, the Board of Directors debates its operation (this involves a corresponding review of the Board's specialized committees). This is 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. The Lead Director supervises the assessment of the Board's operations and those of its specialized committees.

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

There are four permanent specialized committees:

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

Audit Committee	*Nominating and Governance Committee*	*Compensation Committee*	*Strategy and Social Responsibility Committee*
■ 3 members. ■ 100% independent members.	■ 3 members. ■ 66% of independent members.	■ 3 members. ■ 100% of independent members.	■ 4 members. ■ 50% of independent members.
■ 4 meetings during the year.	■ 3 meetings during the year.	■ 3 meetings during the year.	■ 5 meetings during the year.
Main tasks: ■ Review and monitor the internal control mechanism; ■ Review risk mapping; ■ Carry out a prior examination of the statutory and consolidated financial statements; ■ Ensure the examination of financial statements by auditors.	Main tasks: ■ Make proposals regarding the composition of the Board and its Committees; ■ Periodically assess the proper operation of the Board; ■ Monitor changes in corporate governance and their enforcement by the Company; ■ Establish a succession plan for executives.	Main tasks: ■ Make proposals regarding the compensation components of executives and directors; ■ Ensure that the Company fulfills its obligations regarding the transparency of compensation.	Main tasks: ■ Examine major projects concerning the Group's development and strategic positioning; ■ Examine the draft annual budgets submitted to the Board; ■ Assess the balance between the Group's strategy and CSR principles; ■ Review the main findings of the independent third-party body.

In 2016, the rate of Directors' attendance at meetings of the specialized committees was 100%.

THE EXECUTIVE COMMITTEE: A MULTI-DISCIPLINARY AND EXPERIENCED TEAM

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

As of the date of filing of the 2016 Registration Document, the Executive Committee is made up of as following:

Name	Functions	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. Antoine Burel	Chief Financial Officer	1993
Mr. Benoît Coquart	Executive VP France	1997
Mr. Xavier Couturier	Executive VP Human Resources	1988
Mr. Paolo Perino	Chairman of Bticino and Executive VP Strategy and Development	1989
Mr. John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr. Frédéric Xerri	Executive VP Export	1993

FOR MORE INFORMATION

2016 Registration Document – Chapter 6 - Paragraph 6.1

5. A solid 2016 integrated performance, in line with targets

Legrand recorded a solid integrated performance in 2016 and fully met its targets:

- the development initiatives in the past few quarters succeeded in accelerating the Group's sustainable growth, spurred on by its two growth drivers, namely organic growth and growth through acquisitions. Thus, total growth, excluding foreign currency effects, was +6.5% in 2016, compared with +2.1% in 2015;
- organic growth of sales came to +1.8%, near the high end of the annual target (+2%);
- the adjusted operating margin before acquisitions (at 2015 scope of operations) stood at 19.7%, exceeded the high end of the raised target (19.6%); and
- CSR roadmap achievement rate reached 122%.

More generally, these positive achievements demonstrate again the Group's ability to create value for all its stakeholders.

FINANCIAL PERFORMANCE

(in millions of euros except %)	2016	2015	2014
Sales	**5,018.9**	**4,809.9**	**4,499.1**
total sales growth	+4.3%	+6.9%	+0.9%
sales growth at constant scope of consolidation and exchange rates	+1.8%	+0.5%	+0.5%
EBITDA(1)	**1,109.0**	**1,056.4**	**1,013.0**
Maintainable EBITDA(2)	1,134.1	1,084.4	1,034.7
Adjusted operating profit(3)	**978.5**	**930.4**	**880.4**
as a percentage of sales	19.5%	19.3%	19.6%
Maintainable adjusted operating profit(2)	1,003.6	958.4	902.1
Net income(4)	**630.2**(8)	**552.0**	**533.3**
as a percentage of sales	12.6%	11.5%	11.9%
Free cash flow(5)	**673.0**	**666.0**	**607.4**
as a percentage of sales	13.4%	13.8%	13.5%
Normalized free cash flow(6)	**623.9**	**617.2**	**607.5**
as a percentage of sales	12.4%	12.8%	13.5%
Net financial debt at December 31(7)	**957.0**	**802.7**	**855.6**

(1), (2), (3), (4), (5), (6) and (7): Please refer to chapter 5.15 of the 2016 Registration Document for a full reminder of all definitions.

(8) For full-year 2016, net income shall be read €569.0 million, once adjusted for the favorable non-recurring accounting impact representing a €61.2 million tax income, that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.

2016 CONSOLIDATED SALES

Sales totaled slightly more than €5 billion in 2016, up +4.3% from 2015. The impact of the broader scope of consolidation that resulted from acquisitions was +4.7%. At constant scope of consolidation and exchange rates, sales were up +1.8%, near the high end of the 2016 target, reflecting a +2.8% increase in mature countries and an -0.1% decline in new economies. The exchange-rate effect was -2.1%.

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

- **France** (17.4% of Group sales): the organic change in sales in France was -2.7% in 2016, with the fourth quarter hit, as announced, by an unfavorable calendar effect. Excluding this calendar effect, the change in sales in the fourth quarter alone would only be down very slightly. As observed in 2016, the improvement in leading indicators for new residential construction, which accounts for between 15% and 20% of sales in France, should be reflected in Legrand's business over the next few quarters.

- **Italy** (9.8% of Group sales): organic growth in sales for full-year 2016 was a solid +3.4%, buoyed by the success of new Classe 300X connected door entry systems, and more particularly, in the first half alone, by one-off projects in energy distribution. Excluding these two one-offs, organic growth in sales in Italy would come to around +2%, in line with the estimated market trend.
- **Rest of Europe** (17.4% of Group sales): sales rose +5.2% from 2015 at constant scope of consolidation and exchange rates. Countries in Eastern Europe turned in good showings for the year as a whole. Sales also rose sharply in several mature countries in the region, more particularly in Southern Europe(1), as well as in the United Kingdom (around 2.4% of total Group sales(2)), Germany, Austria and Belgium.

  Finally, sales in Turkey were down due to the political situation in the country.
- **North and Central America** (29.2% of Group sales): sales rose +5.8% in 2016 at constant scope of consolidation and exchange rates.

  This rise was driven by good performances in the United States, where organic growth reached +5.6%, buoyed notably by the success of the Digital Lighting Management offering and good showings in non-residential segment. In the second half more particularly, one-off load-in in the retail business also contributed to strong growth. Excluding one-offs, full-year organic growth in the United States was around +3%.

  Other countries in the region, including Mexico, also reported a good rise in sales.
- **Rest of the world** (26.2% of Group sales): sales were down -2.1% from 2015 at constant scope of consolidation and exchange rates. A number of countries including India, Chile and Colombia reported strong showings for the year as a whole. Sales in North Africa(3) were also up in 2016. These good results could not offset declines in activity in some other countries, including Brazil and certain countries in Asia and the Middle East. In China, full-year sales were steady compared with 2015, sustained by one-off government measures in the first quarter.

ADJUSTED OPERATING PROFIT AND MARGIN

Adjusted operating profit was up +5.2% in 2016 and stood at €978.5m, reflecting the Group's capacity to create value.

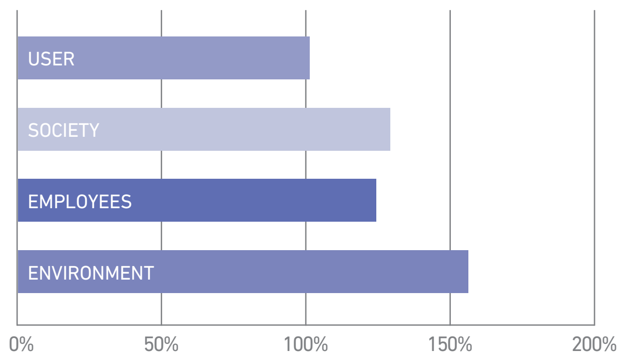
Thanks to a good operating performance against a backdrop of rising sales, adjusted operating margin before acquisitions (at 2015 scope of consolidation) came to 19.7% of sales, 0.4 point higher than the 2015 figure of 19.3%.

Taking acquisitions into account, the Group's adjusted operating margin stood at 19.5% of sales in 2016.

NON-FINANCIAL PERFORMANCE

With a 122% global achievement rate for targets set for the end of 2016 (as a reminder, the 2014-2018 roadmap comprises 21 targets with annual milestones), the Group was ahead of planned schedule. This performance reflects Legrand's capacity to push ahead on all fronts in meeting the 4 focus points of its CSR roadmap.

2016 objectives achievement rates



(1) Southern Europe = Spain + Greece + Portugal.

(2) Based on average exchange rates for 2016 and the annual sales of the last acquisitions.

(3) North Africa = Algeria + Egypt + Morocco + Tunisia.

- **User**: Users of the Legrand Group's products and their needs are the Group's main focus and concern. It relies on innovation to offer users sustainable solutions and to drive progress in the electrical sector. In 2016, for example, the Group continued to develop its business in the assisted living market, while its energy efficiency solutions resulted in the avoidance of the equivalent of 835,000 metric tons of CO_2 emissions. It continued to deploy its communication policy on the environmental impacts of its products, with 60% of its sales achieved with products with a Product Environmental Profile (PEP). A total of 715,000 counterfeit products were seized and destroyed in 2016. In addition, seven major new partnerships and collaborative research projects were initiated during the year. More than 437,000 customers have received training since 2014, while 89% of Group sales are covered by a Customer Relationship Management (CRM) system.
- **Society**: Social responsibility applies to all partners with which the Legrand Group interacts. This interaction takes place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. In 2016, more than 500 additional people were trained in business ethics, taking the number of people trained on these topics to almost 2,300 since 2014. The compliance program continued to be rolled out to over 50 countries. 253 suppliers exposed to CSR risks have been detected, 166 action plans have been started in 10 countries covering 66% of exposed suppliers. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity. In 2016, joint action with *Électriciens sans frontières* led to 200,000[(1)] people benefiting directly or indirectly from access to power. The Legrand Foundation has supported 23 projects since it was created.
- **Employees:** Legrand pays particular attention to the working conditions of its employees and its responsibilities towards them. The Group seeks to ensure respect for Human Rights all over the world. It is also committed to health and safety for all. It strives to develop the skills of each individual and to foster diversity. In 2016, an assessment of the risks of Human Rights violations was carried out on all of the Group's workforce considered as being exposed to these risks. The occupational risk management plan and the health and safety monitoring and improvement process covers 90% of the workforce, while the workplace accident frequency rate has dropped by 37% between 2016 and 2013. In all, 87% of employees attended one or more training courses and 88% of managers had an individual appraisal review.
- **Environment:** Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy. In 2016, 91% of the main industrial and logistics sites were ISO 14001 certified. The Group's average energy intensity dropped by 15% between 2013 and 2016 (at current scope). 88% of waste was sent to recycling units, and 89% of the Group's sales[(2)] comply with the requirements of the RoHS regulation.

FOR MORE INFORMATION

2016 Registration Document - Chapter 4

6. 2017 Outlook[(3)]

Macroeconomic projections for 2017 call for a gradual improvement in the economic environment. Against this backdrop but taking into account high bases for comparison for business in the United States and Italy, the Group intends to pursue its strategy of growth and sets 2017 targets for:

- organic growth in sales of between 0% and +3%; and
- adjusted operating margin before acquisitions (at 2016 scope of consolidation) of between 19.3% and 20.1% of sales.

Legrand will also pursue its strategy of value-creating acquisitions. Furthermore, Legrand continues with its efforts to achieve the 2017 targets set for the 21 priorities in the Group's CSR roadmap.

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

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

(3) 2017 targets announced on February 9, 2017 when the 2016 full-year results were released.

GROUP OVERVIEW

02

2.1 - LEGRAND AND ITS BUSINESS

2.1.1 - Overview

2.1.1.1 A SELF-FINANCED BUSINESS MODEL CREATING VALUE OVER THE LONG-TERM

Legrand is the global specialist in electrical and digital building infrastructure, offering hundreds of thousands of products across seven major categories:

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

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

Legrand's business model relies on two growth drivers to strengthen its leadership positions worldwide year after year. First, innovation – particularly technological innovation – aimed at fueling organic growth with the regular launch of new offerings – including connected products (as part of Legrand's Eliot program) that enhance value-in-use for installers, facility managers and end-users – and numerous marketing and sales initiatives.

The second growth driver is external growth, with self-financed bolt-on[(1)] acquisitions of companies that are front-runners in their market or have proven technological expertise.

The other feature of Legrand's business model is that it is self-financed through high free cash flow generation. Indeed, as initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity – mainly linked to the "digitalization" of certain processes and to the optimal use of capital employed - thanks to the new industrial organization implemented in 2014. In total, all profits from this industrial transformation are used to finance growth initiatives linked new technologies.

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

The Group is listed on Euronext Paris. As of the date on which this Registration Document was filed, it was included in the following indices: the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating, DJSI World, Vigeo Euronext Eurozone 120-Europe 120-France 20 and the World 120, as well as the Ethibel Sustainability Index Excellence.

The Group markets its products under internationally recognized generalist brands, such as *Legrand* and *Bticino*, as well as under well-known local and specialist brands. Close to its markets and focused on its entire economic chain, Legrand has nearly 36,000 employees, and commercial and industrial operations in more than 90 countries.

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

- on the one hand, operational sales and operational marketing (Front Office), organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers and end-users; and

(1) Small- to mid-size acquisitions that complement Legrand's activities.

- on the other hand activities linked to strategy, industrial operations (innovation, R&D, manufacturing, purchasing and supply chain), and general administration (Back Office), organized globally.

The Group benefits from solid, long-term growth levers. Geographically, more than 80% of its sales are generated internationally, of which about 25% in the United States, the Group's top country in terms of sales. Apart from new business segments[(1)], social megatrends (such as aging populations, increasing willingness to reduce energy consumption and the development of new economies) and technological megatrends (particularly digital, with the Internet of Things) offer long-term growth prospects for the Group. Indeed, at the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes.

More generally, Legrand is convinced that new technologies, particularly digital ones, significantly increase the value-in-use of its products and systems. The Group has therefore decided to step up its investments in this area: innovation, with the launch in July 2015 of the Eliot program in particular, followed by its rollout; acquisitions, with the purchase of Raritan, QMotion, Luxul Wireless and Solarfective; the signing of various technological partnerships; and investment in Netatmo. Against this backdrop, Legrand has set itself ambitious goals, such as achieving double-digit average total annual growth in sales for connected products between 2014 and 2020; by the end of 2016, achievements were well ahead of this schedule.

2.1.1.2 NUMEROUS GROWTH OPPORTUNITIES

Driven by social megatrends (such as environmental protection, the sharp rise in data traffic, aging populations and the development of new economies) and technological megatrends (such as the emerging Internet of Things, Big Data, wireless and fiber-optic technology), the market for electrical and digital building infrastructure is changing, offering enriched features and 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.

2.1.1.2.1 International development

Strengthening the Group's presence in North and Central America

As a result of ongoing innovation efforts accompanied by more than 10 acquisitions in the North and Central America region in the last 10 years, the Group generated nearly 30% of its sales in this region in 2016, thereby strengthening its leadership positions (particularly in cable management, highly energy-efficient lighting control, audio/video enclosures, pre-terminated solutions for voice-data-image networks, and structured cabling for residential buildings). More particularly the United States, which represents around 25% of Legrand's sales, has been the Group's number one country in terms of sales since 2015.

Balanced presence in the new economies

The new economies (Latin America, Central America, Eastern Europe, Turkey, Asia excluding South Korea, Oceania excluding Australia, Africa and the Middle East) offer long-term growth potential. Considering that around 20% of the world's population does not yet have access to electricity, and that a middle class boom is expected in many countries (for instance, according to the United Nations, Asia will have 3 billion middle class citizens by 2030, five times more than in Europe), driving demand especially for high value-added products, Legrand believes that in the long term, its market offers attractive growth potential as electricity generation and distribution infrastructures are gradually developping.

The Group sells its products in nearly 130 new economies and has a commercial and/or industrial presence in over half of them. This expansion is evenly spread, with new economies representing nearly 33% of the Group's sales at December 31, 2016, the most significant country being India, which accounts for close to 6% of total Group sales.

2.1.1.2.2 New technologies

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

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

- the launch of the Eliot program in July 2015, aimed at speeding up deployment of the Internet of Things in the Group's offering. As part of this initiative, Legrand has set itself ambitious targets that include achieving double-digit average annual growth in sales for connected products between 2014 and 2020, and doubling the number of its connected product families, from 20 in 2014 to 40 in 2020. At year-end 2016, the Group's achievements were well ahead of schedule, with nearly 40% total growth in sales of connected products;
- R&D investments that are increasingly focused on new technologies, with around 41% of R&D staff assigned to electronics, software and digital offerings in 2016;

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

- the signing of collaborative agreements, strategic partnerships and numerous technological alliances, with leading players such as La Poste (to make Legrand's connected offerings compatible with the Digital Hub provided by La Poste), Samsung (to develop offerings that improve hotel room management and comfort), and TCL, a global player in consumer goods, electronic equipment and internet solutions. Legrand thus intends to develop connected and interoperable solutions, bringing lasting benefits to individual users and professionals alike;
- the collaboration with Netatmo, a French specialist in connected objects for the home. At CES in Las Vegas in January 2017, where the Group had a booth exclusively for its products, Legrand announced the launch of its "Celiane with Netatmo" solution of smart switches and sockets, winner at the CES Innovation Awards 2017 in the "Smart Home[(1)]" and "Home Appliances[(2)]" categories; and
- the participation in various technology alliances, such as Open Connectivity, ZigBee Alliance, BACnet International and LoRa Alliance, to ensure the interoperability of its range with those of other companies.

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

- Raritan (leading player in North America in the smart PDU[(3)] and KVM[(4)] switches segment), as well as Fluxpower and Primetech (UPS[(5)] specialists) in the datacenters sector;
- Neat (Spanish market leader and a major European player in assisted living), as well as Tynetec and Jontek (frontrunners in assisted living in the United Kingdom);
- Luxul Wireless (specialist in audio/video infrastructure for residential buildings and small and medium-sized commercial buildings); and
- IME, leading Italian contender and European specialist in measuring electrical installation parameters, in the highly promising energy efficiency segment.

2.1.1.2.3 New business segments

Boosted by technological progress and the emergence of new needs, particularly linked to the development of new technologies (see section 2.1.1.2.2 of this Registration Document for more details), digital infrastructure, home systems, energy efficiency and assisted living are continuing to grow. Over the past 10 years, the share of new market segments in the Group's sales has almost doubled to represent one-third 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. As a result of these technological developments, data flows in buildings are intensifying and becoming more complex and enriched, which requires buildings to have a stronger and enriched electrical and digital infrastructure.

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

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

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 solutions via its *Cablofil* brand, which can be installed in all commercial buildings (datacenters, retail outlets) 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 for example: the *My Home* residential system and *LCS*[2] voice-data-image solutions offering simplified installation and guaranteeing optimal network performance; the *Digital Lighting Management* range for optimized

(1) *Smart Home.*

(2) *Home Appliances.*

(3) *PDU: Power Distribution Unit.*

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

(5) *UPS: Uninterruptible Power Supply.*

lighting management through a digital network; and the new Classe 300X smart door entry system, which can be controlled remotely and won an award for its design in the IF Design Awards 2016.

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, such as Title 24 in California, increasing demand for environmentally friendly products reducing greenhouse gas emissions and the increasing scarcity of natural resources, Legrand is seeing growing demand in all its markets for products and systems that reduce energy consumption and improve the quality of electricity.

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

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

Assisted living

The aging of the population (according to the UN, the number of people in the world who are over 80 is expected to more than triple by 2050, from its 2015 level) poses a major challenge, in terms of economic as well as societal dependency. Faced with this challenge, and in view of growing demand from senior citizens wishing to remain in their own homes while living independently, Legrand has accelerated its expansion into the assisted living market through the acquisition of four companies, most of them frontrunners in this field, particularly in their own countries:

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

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

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

2.1.1.2.4 Development of new distribution channels by the electrical sector

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

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

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

2.1.1.3 PRODUCTS

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

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

Legrand's customers can choose from hundreds of thousands of products in its catalogue. The Group's products are characterized by their unique technology and design. Legrand regularly updates its product range by adding innovative features based notably on new technologies.

(1) *Source: International Energy Agency.*

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

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

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

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

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

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

2.1.1.3.1 User interface

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

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

Thanks to new technologies and in particular the Internet of Things, user interface, mainly wall mounted, is changing, 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 offer up to 200 functions (of course switches and sockets with various designs and features, as well as other user interfaces such as motion sensors, temperature control, sound systems, etc.), increasingly include electronics, and will become 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 electrical standards in use around the world.

2.1.1.3.2 Energy distribution

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

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

2.1.1.3.3 Building systems

Building products and systems include:

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

2.1.1.3.4 Cable management

Cable management systems include trunking and ducting, cable support 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

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

contact between electrical wires and cables and other electrical or mechanical equipment, or any exposure of these wires and cables that could be hazardous for end-users. Cable management systems include a variety of plastic or metal products that enable power and data cables to be laid either in the ground (beneath the floor), or in a room's surrounds, or even in the ceiling.

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

2.1.1.3.5 Digital infrastructure

Legrand offers a complete range of systems for the distribution of digital data, 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 datacenters.

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

2.1.1.3.6 UPS

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

2.1.1.3.7 Installation components

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

2.1.2 - History

The main stages in Legrand's development are:

- 1926: foundation of the Legrand company, specializing in the production and decoration of 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 listed on the Paris Stock Market;
- 1977: first operations outside Europe and in new economies, via the acquisition of *Pial*, the leading Brazilian wiring device manufacturer;
- 1984: first operations in the United States with the acquisition of *Pass & Seymour*, the second largest U.S. wiring device manufacturer;
- 1987: inclusion of Legrand in the CAC 40 Index when the index was created;
- 1989: acquisition of *Bticino*, the leading Italian wiring device manufacturer; Legrand's total sales exceed €1 billion;
- 1995: issue of a US$400 million Yankee bond maturing in 2025;
- 1996: first operations in India with the acquisition of *MDS*;
- 1998: Legrand's total sales exceed €2 billion;
- 1999: opening of Innoval, an 8,000 m^2 showroom and training center for Group customers in Limoges;
- 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 European 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 2.3 of this Registration Document);
- 2002: finalization of the "demerger" from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2005: Legrand becomes the leader in the Chinese wiring device market with the acquisition of *TCL*; the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on Euronext Paris; Legrand joins the Global Compact;

- 2007: the Group's total sales exceed €4 billion;
- 2010: first issue of Eurobonds for €300 million, maturing in 2017; entry into the UPS segment with the acquisition of *Inform* in Turkey;
- 2011: Legrand returns to the CAC 40 Index;
- 2012: Legrand's rating is upgraded to A- by Standard and Poor's;
- 2013: total sales for the United States/Canada region exceed $1 billion;
- 2014: publication of the new sustainable development roadmap for 2014-2018; all industrial back-office functions under the single management of the Operations department, and creation of an Innovation and Systems department;
- 2015: launch of the Eliot program, aimed at speeding up the deployment of the Internet of Things in Legrand's offering;
- 2016: the Group's total sales exceed €5 billion.

2.2 - A PROFITABLE GROWTH STRATEGY BASED ON LEADERSHIP DEVELOPMENT

In the medium term, excluding the effects of economic cycles, Legrand's strategy consists in accelerating its profitable and sustainable growth in line with the Group's four values (customer focus, innovation, ethical behavior and resource optimization). The Group is thus looking to expand its businesses internationally into new business segments, new technologies and new distribution channels developed by the electrical sector. Legrand relies on two growth drivers 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 business model and to ongoing efforts to improve it, Legrand intends to continue self-financing its expansion and strengthening its profitable growth profile, thereby creating value for all of its stakeholders.

2.2.1 - Legrand, a market leader with a unique positioning

2.2.1.1 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 more than 90 countries, through subsidiaries, branches and representative offices, has enabled Legrand to acquire unique technical and commercial expertise across its entire business sector.

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

2.2.1.2 A MARKET LEADER WITH FRONTRUNNER MARKET SHARE

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

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

- user interfaces in Brazil, China, Chile, the United States, France, Hungary, Italy, Mexico, Peru and Russia;

- cable management in Saudi Arabia, the United States, France, Italy, Malaysia and Mexico;
- emergency lighting products in Australia, France, New Zealand and Peru;
- digital infrastructures in Colombia, the United States, Italy and Singapore;
- UPS, particularly in Brazil and Turkey;
- modular protection in Algeria, Chile, Colombia and France.

Total sales generated by Legrand, with products that are number 1 or number 2 in their respective markets, represented around 68% of Group sales in 2016. 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.

2.2.1.3 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 offering, which features several hundred thousands of different products, organized into more than 90 product categories, is one of the most comprehensive on the market.

Legrand markets its products:

- both to professional customers and end-users, under generalist brands such as *Legrand*[1] and *Bticino*[2] that are world-renowned and among the most recognized on the market; and
- under an extensive portfolio of approximately 60 brands, either specialist, such as *Cablofil* or *Zucchini,* or very well-known local brands.

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

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

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

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

2.2.1.4 A BALANCED MARKET POSITIONING

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

- the market covers the new-build and renovation sectors, the latter sector being less sensitive to economic cycles than the new-build sector, as it requires lower investments and benefits from a recurring flow of activity arising from regular maintenance and modernization needs. Legrand estimates that approximately 46% of its sales were generated by the renovation market in 2016, while the new-build market accounted for around 54% 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 where Legrand estimates that it generated 51% of its 2016 sales, which is itself composed of many vertical segments in which business trends can differ and that includes buildings like hotels, offices and retail outlets, and also public buildings like schools or hospitals; the residential sector (42% of its 2016 sales); and the industrial sector (7% of its 2016 sales), each of which has its own growth momentum;
- the market is characterized by a business flow fueled by a high level of relatively low-value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;

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

(2) According to an IPSOS poll conducted in Italy in 2016, Bticino is by far the leading wiring device brand, with a spontaneous awareness rate of 59%.

- 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 more than 90 countries, and markets a wide range of products in close to 180 countries.

2.2.2 - A development driven by two growth drivers

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

2.2.2.1 NUMEROUS INITIATIVES TO SUPPORT ORGANIC GROWTH

Legrand's strategy for growth and for increasing market share is based on various initiatives, particularly innovation, with the launch of new products that enhance value-in-use and commercial initiatives such as opening new showrooms and concept stores.

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

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

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

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- enhanced product features, mainly through the use of new technologies (communication, data capture and processing, remote control, etc.);
- interoperability and integration of various new technologies in the product offering, enabling end-users to enjoy the widest possible choice of technology to suit their needs, at all times;
- the ability of Legrand's product lines to work together in an integrated system; and
- new designs.

Know-how 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 devices; controls incorporating several communication technologies such as Zigbee, or the "Celiane with Netatmo" range of smart switches and sockets, winner at the CES Innovation Awards 2017 in the "Smart Home[(2)]" and "Home Appliances[(3)]" categories.

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

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

This continuous innovation enables Legrand to incorporate more added-value 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

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

(2) Smart Home.

(3) Home Appliances

roadmap, and to ensure consistency between the technologies used by the different SBUs (see section 2.3.2 of this Registration Document for further details). A significant portion of Legrand's research and development work is carried out in France, Italy, the United States and China, as well as in other countries closer to markets. As at December 31, 2016, close to 2,200 employees in more than 20 countries were employed in research and development, some 30% of them in new economies.

More generally, about 41% of R&D staff worked on the electronics, software and digital offerings in 2016.

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

A substantial patent portfolio

Legrand holds over 3,800 active patents in close to 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 more than 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.

2.2.2.1.2 Innovative commercial initiatives

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

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

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

In the long term, Legrand plans to continue its self-financed bolt-on[2] acquisitions of leading companies, thereby continuing to grow market share and drive growth. Given the fragmented nature of the market in which it operates, the Group focuses on acquiring small- and mid-size companies.

2.2.2.2.1 A fragmented market

The Group's accessible market, which Legrand estimates to be worth more than €90 billion, compared with around €50 billion in 2005, remains highly fragmented. Around 50% of global sales are generated by small- and mid-size companies, which are often local and typically enjoy only a marginal share of the global market. With an accessible global market share of over 5% in 2016, 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.

(1) Near Field Communication.

(2) Small- to mid-size acquisitions that complement Legrand's activities.

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

In the fragmented market in which Legrand operates, the Group has demonstrated its ability to identify and make mostly self-financed bolt-on acquisitions, i.e. of small and mid-size businesses complementary to the Group's activities, which are market leaders or have particular technological expertise.

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 full-fledged part of the Group's development model. Indeed, the Group has acquired and "docked" nearly 160 companies into its scope of consolidation since 1954. In 2016, Legrand made eight acquisitions totalling annual sales of more than €170 million; of which, more than 80% are made with number 1 or number 2 positions in their respective markets, and six are in new business segments (see section 2.1.1.2.3).

2.2.2.2.3 Financial discipline

The pace 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 mid-size acquisitions that complement the Group's activities:

- increase its local market share; and/or
- expand its product range and technology portfolio; and/or
- boost its presence in 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 or the same markets,
  - 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) after three to five years.

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

2.2.3.1 A MODEL BASED ON PROFITABLE GROWTH

2.2.3.1.1 A market characterized by solid economic fundamentals

On a global basis, Legrand's accessible market is characterized by a relative lack of range commoditization, and by a very diffuse flow of business from hundreds of thousands of electricians. These electrical installers, product specifiers, or end-users pay considerable attention to products' technical features. 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, every year, Legrand makes long term investments of 4 to 5% of its sales in research and development, ensuring a steady flow of products with new features and designs responding to customer's needs. By continually building more value added 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 7 and 8% for a residential project, for example). Similarly, because labor represents a significant cost component for installers, they are on the lookout for the best value for money to enable them to work efficiently, particularly by means of quick and easy installation.

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

2.2.3.1.2 Profitability driven by an ongoing improvement in competitiveness

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

More generally, the ongoing improvement in competitiveness, combined with the operational leverage provided by sales growth in a favorable economic environment, but also and mostly with strong commercial positions (about 68% of sales were generated from number one or number two positions in 2016) enables the Group to generate a high level of profitability while absorbing, year after year, new acquisitions where profit margins are lower than the Group's. In less buoyant economic conditions, which prevent the Group from exploiting growth-related operational leverage, Legrand uses active and differentiated management of its business to keep profitability under control.

The Group's adjusted operating margin thus amounted to 16% on average between 2003 and 2009, and nearly 20% between 2010 and 2016.

2.2.3.2 HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight control on capital employed (working capital requirement and capital expenditure), Legrand's business model enables the Group to generate high levels of free cash flow over the long term. Free cash flow generation has thus been about 13% of sales over the past five years. This gives the Group significant financial and operational flexibility, enabling it to self-finance 100% of its business growth.

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 in the long run to maintain a ratio of capital expenditure to consolidated sales of between 3% and 3.5%.

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

2.2.3.3 CAREFUL MANAGEMENT OF FINANCIAL PERFORMANCE ENABLING SIGNIFICANT VALUE CREATION

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

- synthetic key performance indicators;
- 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

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

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

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

- once a year, the Group signs a Financial Performance Contract with each country manager and his/her team for the coming year. This outlines several scenarios 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 business is better, not as good or in line with the scenario initially chosen;
- finally, 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 a strong financial performance.

Countries are run by managers who are true entrepreneurs. Management and management dialog between countries and the Group are based on the high accountability of local managers, who are incentivized to create long-term value. The Group has also set up long-term performance-linked profit-sharing schemes involving around 1,800 beneficiaries in 2016 to drive value creation over the long term and increase the management team's loyalty to the Group (see sections 4.4.3.1, 7.2 and 7.3 of this Registration Document).

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

In addition, the Group's current and former senior and main managers, and employees held 4.03% of the Company's share capital as at December 31, 2016.

Long-term "value creation"

During the period 2006-2016, the Group's capital employed[(1)] only increased by about 4% per year, while basic earnings per share rose by around 8% per year over the same period.

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

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

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

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

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

2.3.1 - Front Office

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

2.3.1.1 THE FRONT OFFICE'S ROLE AND RESPONSIBILITIES

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

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

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

2.3.1.2 AN ECONOMIC CHAIN SUITED TO MARKET FLOWS

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

- Legrand's distributors are 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 2016. Legrand's relations with its distributors are generally governed by terms and conditions of sale specific to each local market.
- Electrical installers are professionals and individuals who buy, install and use Legrand's products. The professional category includes electricians, business owners, panel builders, and industrial and commercial companies with a business activity connected to the installation of electrical products and systems. They are also very often product specifiers for the Group.
- Other product specifiers are architects, decorators and design firms, who fuel demand for Legrand's products by recommending their installation to end-users or by specifying them in the design of certain building projects.
- End-users are the people who use Legrand's products in the environment where these products are installed or used.

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

2.3.1.3 A "PUSH-AND-PULL" STRATEGY

Sales and marketing are the responsibility of the Front Office, whose headcount accounted for about 20% of Legrand's total headcount in 2016 (see section 4.6.2.2 of this Registration Document). Marketing efforts are focused on each level of the distribution chain (distributors, electrical installers, product specifiers and end-users), in accordance with the Group's "push-and-pull" strategy, the aim of which is outlined below. These efforts are primarily aimed at providing market players with information, training, and other services relating to the Group's entire range of products and systems, alongside sales. Legrand believes that making access to and use of its products easier for distributors, electrical installers and end-users enables the Group to create significant product and brand loyalty, and to generate demand for its products and systems at each level of the distribution chain.

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

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

Legrand's "push" strategy includes:

- *priority inventories*. In France, many distributors have agreed to maintain permanent inventories of certain Legrand priority products. In return, Legrand ensures not only that large amounts of non-priority finished products are held in its inventory, but also that flexible and reactive production enable it to fill its distributors' orders quickly. In an emergency, products that are not stocked by distributors can be delivered anywhere in France within 24 to 48 hours via the "Dispo-Express" service;
- *inventory management*. In the United States, Wiremold and Legrand Data Communications, US subsidiaries of the Group, can access the inventory levels of some of their main distributors on a daily basis. If inventory levels drop below a pre-defined threshold, new inventories are prepared and shipped immediately;
- *intelligent sorting*. In order to optimize the logistics chain, Legrand pre-sorts its products before dispatching them to electrical equipment distributors in France, thereby anticipating the steps these distributors will have to follow in order to distribute the products to their agencies and 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. These platforms and various subsidiary-owned warehouses are connected by a single network that makes it possible to synchronize their inventories on a daily basis. Using logistics platforms also enables more products to be transported in fewer trips, thus reducing CO_2 emissions to protect the environment.

Legrand enjoys strong, long-standing commercial relationships with its electrical equipment distributors, and particularly with its two largest distributors, the Sonepar and Rexel electrical product distribution groups. In 2016, sales to Sonepar and Rexel accounted for approximately 21% of the Group's consolidated sales, although this percentage varied from country to country. Legrand believes that no other single distributor accounted for more than 5% of the Group's global revenue in 2016. Legrand's other main customers include FinDea, Graybar, CED, Lowe's, SOCODA, Wesco, Anixter, Comet, Comoli Ferrari, Partelec, Megawatt, Menards, Bunnings and Home Depot.

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

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

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

Legrand offers training programs to local distributors and electrical installers, mainly at its Innoval international training centers in France, at Aix-en-Provence, Limoges, Lyon, Nancy, Nantes and Paris, as well as in the Middle East and South America. In total, there are 17 training centers around the world that welcome and provide training for players in the electrical industry. These training programs are designed to expand electrical installers' expertise and service offering by familiarizing them with the Group's latest product innovations and installation methods. The Innoval training centers in France 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 emergency lighting systems, or providing training on current regulations and technical standards. In 2016, the Innoval centers received 7,500 visits from customers, while nearly 5,500 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.

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

Legrand also offers various software applications specifically designed to provide everyday support to professionals, depending on their role (from architects to electricians) or the type of project. Among the main business software applications offered by the Group, XLPro[3] is aimed at designers and manufacturers of energy distribution panels, who can use it to plan the distribution and siting of panels and to visualize and cost entire projects; the LCS Pro[2] can be used to configure Voice-Data-Image cabinets; the entire electrical installation can be designed quickly using illiPro, intended for the residential and tertiary markets, which allows users to select products room by room.

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

Lastly, Legrand offers applications for tablets and smartphones (including, in particular, e-catalog for 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, particularly aimed at electrical installers. The Group also seeks to stimulate demand among end-users by actively promoting its products through advertising campaigns and targeted marketing events promoting the design and functionalities of its products. In this respect, Legrand has implemented innovative marketing and sales initiatives in recent years: the "Lab by Legrand" in Paris, where individuals, architects, decorators, distributors and electrical installers can experience the Group's high-end user interfaces in a unique setting, the multi-brand (*Legrand*, *Bticino* and *Vantage*) concept store, "B Inspired", in Brussels, and the Experience Center at West Hartford in the United States, where visitors enter a unique world of innovation and design. Finally, Legrand is also developing its relationship with end-users by continuously strengthening its presence on social networks and more generally on the Internet, especially through its corporate website www.legrand.com and websites in local languages in most countries where the Group operates. In 2016, the Group's websites generated more than 104 million page views, while Legrand's YouTube© videos have been viewed over 26 million times.

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

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

2.3.2 - Back Office

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

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

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

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

STRATEGIC BUSINESS UNITS

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

- user interface;
- energy distribution;
- building systems;
- cable management;
- digital infrastructure;

- UPS: Uninterruptible power supply;
- installation components.

The Strategic Business Units have the following objectives:

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

As a result, Legrand is constantly on the lookout for new technologies. The Group is already working on concepts related to the "plant of the future": collaborative robots, 3D printing, digitized design, data analytics, AGVs[1].

More generally, the Group permanently seeks to optimize its cost structures and reduce its impact on the environment, in particular by manufacturing products as near as possible to the areas where they are marketed (this local manufacturing close to markets is mainly reflected by the approximate balance between revenue base and cost base in the various 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 deliver products on time while optimizing transport and storage costs and inventory, and minimizing the environmental footprint of the various flows.

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

(1) *AGV: Automated Guided Vehicle.*

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

This approach is based on dedicated tools and processes:

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

This system has enabled Legrand to reduce the ratio of inventory value to consolidated sales, from approximately 17% on average between 1990 and 2002, to around 14% on average between 2003 and 2016, and to guarantee a high-quality service for its distributors in terms of availability and flexibility, speed and adaptability.

2.4 - OTHER INFORMATION

2.4.1 - Suppliers and raw materials

Legrand does not depend on any single supplier for the purchase of the 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 2016, 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 2015 and 2016 financial years:

(% of consolidated sales)	2016	2015
Raw materials	8.6%	9.7%
Components	23.1%	23.1%
TOTAL	**31.7%**	**32.8%**

2.4.2 - Property, plant and equipment

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

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

- the Ospedaletto site, which is held under a capital lease; and
- the Boxtel, Fairfield, 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 thousands m²)*	Principal use	Location
France			
Legrand Limoges	185	Headquarters/Manufacturing/ Distribution/ Administrative services/ Storage	Limoges and its region
Other French sites	240	Manufacturing/Administrative services/ Distribution	Malaunay, Fontaine-le-Bourg, Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont-à-Mousson, Belhomert
Verneuil	90	Storage	Verneuil-en-Halatte
Italy			
Bticino Italy, IME	235	Manufacturing/Distribution/ Administrative services/Storage	Varese, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria and Reggio nell'Emilia, Corsico
Portugal			
Legrand Electrica	25	Manufacturing/Distribution/ Administrative services/Storage	Carcavelos
United Kingdom			
Legrand Electric	32	Manufacturing/Distribution/ Administrative services/Storage	Scarborough, West Bromwich, Consett and Blyth
Spain			
Legrand España	22	Manufacturing/Distribution/ Administrative services/Storage	Madrid, Barcelona
Poland			
Legrand Polska	34	Manufacturing/Distribution/ Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	30	Manufacturing/Distribution/ Administrative services/Storage	Szentes
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/ Administrative services/Storage	Soest

Site or subsidiary	Size *(in thousands m²)*	Principal use	Location
United States and Canada			
The Wiremold Company, Ortronics Inc., Pass & Seymour Inc., Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack, Nuvo, Lastar, Pinnacle, Solarfective, Luxul	240	Manufacturing/Distribution/ Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Fort Mill, Fairfield, Anaheim, Hickory, Dayton, Somerset, Denver, Toronto
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, Shidean, Raritan	120	Manufacturing/Distribution/ Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen and Wuxi
Russia			
Kontaktor and Firelec	100	Manufacturing/Distribution/ Administrative services/Storage	Ulyanovsk, Moscow
Australia and New Zealand			
HPM	36	Manufacturing/Distribution/ Administrative services/Storage	Sydney, Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS and Adlec Power	121	Manufacturing/Distribution/ Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry and Jhajjar
Malaysia			
Megapower, SJ Manufacturing	19	Manufacturing/ Administrative services/Storage	Seri Kembangan, Shah Alam
Netherlands			
Legrand Nederland and Aegide	36	Manufacturing/ Administrative services/Storage	Boxtel and Veghel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/ Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap and Inform	44	Manufacturing/ Administrative services/Storage	Gebze, Istanbul
Saudi Arabia			
Seico	15	Manufacturing/ Administrative services/Storage	Jeddah

2.4.3 - 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 5.4.1.1. of this Registration Document for more information on business trends by geographic area over the past two years, and to section 4.6.2.2 of this Registration Document for a breakdown of the Group's average headcount by geographic area and by category (Front Office and Back Office).

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

2.4.4 - Competitors

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

- 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 Belden (VDI structured cabling), Aiphone and Urmet (door entry systems), Crestron and Nortek (building systems), Lutron (lighting control), Obo Bettermann and Niedax (cable management), Panduit (VDI and cable management), and Vertiv (former Emerson Network Power - UPS); and
- multi-specialist companies like Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada, and Chint in China.

03 RISK FACTORS

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, image, 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 on corporate governance, risk management and internal control (see section 3.6.2 of this Registration Document).

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

Risk factors	Structural risk reduction criteria and key measures taken
Strategic risk	
Economic environment	■ Global presence ■ Sector diversity of offering and growth in new businesses ■ Monitoring of business and profitability by geographic region
Competitive environment	■ Market intelligence ■ Investment in R&D and marketing ■ Cost control ■ Sales price management ■ Development of e-commerce
Disruptive technology and digital transformation	■ Chief Digital Officer (digital strategy) ■ Eliot program ■ Innovation and Systems team ■ Cross-functional innovations program ■ Innovation and R&D ■ Strategic partnerships
Acquisitions	■ M&A team ■ Rigorous due diligence process involving world-renowned firms ■ A proven integration process based on multidisciplinary expertise
Intellectual Property	■ Dedicated department and network of correspondents within the Group ■ Occasional recourse to experts ■ Use of world-renowned consulting firms
Operational risk	
Suppliers	■ Systematic approach to supplier qualification ■ Responsible purchasing policy – "Responsible Supplier Relations" accreditation ■ Multi-sourcing strategy ■ Supplier risk analysis and mitigation (interdependence, financial fragility, CSR-related risks) ■ Strategy of acquiring safety stocks or safeguarding supplies by means of specific contractual clauses
Cost of raw materials and components	■ Market surveillance ■ Consolidated purchasing ■ Sensitivity analysis on the cost of raw materials
Business continuity	■ Limited concentration of industrial activities ■ Regular investments in modernization and maintenance of industrial facilities ■ Business continuity and crisis management plans ■ External audits ■ Worldwide insurance scheme for risk of damage and operating loss
Talent and skills	■ Talent management process ■ Incentives and retention mechanisms for key employees ■ Onboarding for new employees ■ Quantitative and qualitative *indicators* via dedicated reporting

Risk factors	Structural risk reduction criteria and key measures taken
Security and continuity of IT systems	■ IT security guidelines ■ Infrastructure and applications investment and maintenance ■ Control system in place to guarantee continuity ■ IT system security audits
Reputational and compliance risk	
Product quality and safety	■ Quality policy ■ Customer dissatisfaction management process ■ Satisfaction surveys ■ Product recall management procedure
Compliance with local or international regulations and standards	■ Function responsible for monitoring regulations and standards ■ Group compliance program ■ Use of external experts
Environmental protection	■ Dedicated department and network of correspondents within the Group ■ "Limiting our environmental footprint", a priority of the 2014-2018 CSR roadmap ■ ISO 14001 and ISO 50001 certification and environmental audits ■ Environmental reporting in line with Grenelle 2 and the Global Reporting Index ■ Absorption of new acquisitions within one to three years of their takeover
Internal control and non-compliance	■ Group internal audit team ■ Internal control framework and self-assessment system ■ Group compliance program ■ Systematic fraud reporting
Financial risks	
Financing and cash flow risk	
Counterparty risk	■ Regular monitoring of the *CDS* (1) financial rating of the main counterparties
Liquidity risk	■ Regular monitoring of debt repayment schedule ■ Available headroom
Market risk: interest rates and currency	
Interest rate risk	■ Fixed-rate borrowings
Currency risk	■ Natural hedging of currency risk ■ Hedging of significant intragroup foreign exchange positions
Customer credit risk	■ Specific reporting on outstanding customer receivables ■ Credit risk insurance scheme
Risks related to litigation	■ Review of material legal proceedings

(1) CDS: Credit Default Swap.

3.1 - STRATEGIC RISKS

3.1.1 - Global and sectoral economic environment

The Group's business could be affected by changes in the general or local economic climate and changes in the sectors in which the Group operates. 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. Any decline in sales volumes or price pressure could affect the Group's profitability.

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.

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

Furthermore, the Group's new businesses, which are driven by underlying social and technological trends, also limit this risk (see paragraph 2.1.1.4).

Finally, to respond swiftly to these risks, the Group keeps a close eye on its monthly sales performance and the profitability of all of its businesses, working closely with local managers (see section 2.2.3.3 of this Registration Document).

3.1.2 - Competitive environment

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 2.4.4 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, the development of the market for the Group's products towards integrated and connected systems could see new entrants emerge and lead to increased competition, resulting in a fall in sales, a loss of market share or an increase in the Group's costs, due to additional sales and marketing expenses or research and development costs.

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

Lastly, the development of e-commerce could cause the Group to lose market share to new entrants with online distribution channels. (See section 2.1.1.2.4)

Legrand is aware of these risks and therefore engages in ongoing efforts in terms of market intelligence, brand positioning, research and development, and marketing to develop new distribution channels and thus increase the added value of its products while maintaining a tight rein on costs and preserving or developing its market share. (See sections 2.2.2.1 and 2.3.3 of this Registration Document).

3.1.3 - Disruptive technology and digital transformation

The digitalization of the economy and rapid development of connected devices could undermine the Group's ability to enter new high-growth markets or threaten its traditional markets should its products fail to meet users' new needs.

To address these new challenges, the Group, in 2015, appointed a Chief Digital Officer and launched the Eliot program[(1)] to speed up the deployment of its connected devices offering.

In addition, an Innovation and Systems department, working cross-functionally with the Group's various Strategic Business Units (SBUs), monitors system architectures, interoperability, technology trends and standardization, enabling it to define the Group's strategic objectives, particularly in terms of innovation. An innovation program organized around four key themes (Energy Efficiency, the Internet of Systems and Artificial Intelligence; Installation Trends; New Technologies) underpins the projects managed by each SBU.

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

Lastly, Legrand has forged multiple partnerships with leaders in new technology to jointly develop connected and interoperable product offerings. The Group has also long been a member of several technological associations or alliances.

3.1.4 - Acquisitions

The Group's growth strategy, in line with the guidance given by the Strategy and Social Responsibility Committee and the Board of Directors, mainly relies on bolt-on[(2)] acquisitions with strong market positions or new technologies and offering synergy with Legrand's existing operations. Legrand may not be able to conduct 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 2.2.2.2 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 chaired by senior management. An initial internal audit is conducted as part of this integration process within approximately 12 months of the acquisition to establish the action required to ensure that the acquisition's processes comply with Group 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 3.2 to the consolidated financial statements in chapter 8 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 3.2 to the consolidated financial statements in chapter 8 of this Registration Document, and as in previous years, Legrand did not record any goodwill impairment in 2016. The criteria for goodwill impairment tests are described in the same note, which also contains a sensitivity analysis of the main criteria.

(1) Eliot is a program launched by Legrand in 2015 to speed up deployment of the Internet of Things in its offering. A result of the group's innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.

(2) Small- to mid-size acquisitions that complement Legrand's activities.

3.1.5 - 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 position 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 €1,722.6 million in trademarks and patents was recognized in assets at December 31, 2016, compared with €1,668.0 million at December 31, 2015.

The Group's strategy for tackling counterfeiting is described in the section on the CSR roadmap (section 4.2.1.2).

3.2 - OPERATIONAL RISKS

3.2.1 - Suppliers

The Group could face the failure of one or more of its suppliers, without having an alternative solution, which would impact the continuity of the Group's businesses.

The geographical breakdown of supplies globally (by origin: France 14.7%, Italy 15.3%, Rest of Europe 14.1%, North and Central America 19.1%, Rest of the World 36.6%) is not seen as a major risk factor (country or geopolitical risk) for the Group.

An analysis of purchases shows that the risk of supplier dependence is small; purchases from Legrand's biggest ten suppliers accounted for about 6% of the total value of purchases in 2016 (virtually changed from 2015), 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 Group's reputation could also be tarnished through a supplier's poor practices in terms of environmental safeguarding, compliance with best business practices and respect for human rights.

As explained in section 4.3.2 of this Registration Document, the Purchasing Department has introduced a systematic supplier certification and approval policy that includes operational risk and CSR (corporate social responsibility) risk. It also carries out an annual supplier risk analysis covering, *inter alia*, interdependence risk, suppliers' financial strength, and CSR-related criteria. Suppliers presenting significant risks for the Group are identified, and are the subject of dedicated action plans (more stringent contracts, back-up inventories, alternative suppliers, CSR improvement plan, etc.).

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

3.2.2 - Raw material costs

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

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

Raw materials consumption (except components) amounted to around €432.0 million in 2016.

The sensitivity analysis on the price of raw materials, carried out regularly, is discussed in chapter 8, Note 5.1.2.3. No specific financial hedging instrument was used in 2016.

3.2.3 - Talent and skills

In general, Legrand's key employees are long-standing employees of the Group. They have built up excellent knowledge of Legrand and its activities and of the entire sector in general. The loss of any one of these key employees could constitute a loss of know-how or product or market expertise and could result in Legrand's competitors 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. There is a human resources department in almost all countries where the Group has at least one subsidiary.

In particular, it has rolled out programs to motivate and retain its key talent (see section 2.2.3.3. of this Registration Document), and makes skills and talent management one of the priorities of the Group's CSR roadmap. Training, individual appraisal reviews (*Competency Appraisal Performance & Perspective – CAPP*), the talent management process and manager retention program are key to this and are detailed in section 4.4 of this Registration Document.

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

Warning systems are also in place to quickly inform the Group about a particular type of event, such as a strike, resignation from a key position, or a work injury.

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

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

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3.2.4 - Business continuity

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

The likelihood that such events will occur and the overall exposure that could result for the Group are limited by the 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 logistical risk prevention policy. 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 2016, 49 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 3.5 of this Registration Document).

3.2.5 - Security and continuity of IT systems

Legrand considers that optimum management of networks, 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, CRM, 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:

- a team dedicated to improving the quality and security of information systems defines and implements policies specific to these areas, such as data backups and information security, data protection, and dissemination to all employees of guidelines on the use of IT resources and information security. 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;
- a special 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).

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

With regard to security, risk management measures have been set up. In an effort to better structure the overall approach, the Group's Information Systems Department continued its initiatives in 2016, launching a plan to formalize the information systems security policy based on ISO 27001.

3.3 - REPUTATIONAL AND COMPLIANCE RISKS

3.3.1 - Product quality and safety

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.

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

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

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

As detailed in section 4.2.1.2 of this Registration Document, "ensuring the safety of users of electrical equipment" is one of the Group's CSR concerns. Legrand may also launch product recalls at its own initiative as a preventive measure and in the event that products could present a material risk. In 2016, there were two product recall or withdrawal operations. For more details of these operations, see section 4.2.1.2. of this Registration Document.

Provisions for product warranties totaled €21.0 million at December 31, 2016, compared with €18.8 million at December 31, 2015.

3.3.2 - Compliance with local and international regulations and 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 Legrand's business could lead to lower sales or increased operating costs, and result in a decrease in Legrand's profitability and income.

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

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 CSR roadmap 2014-2018 (see section 4.3.1 of this Registration Document).

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

3.3.3 - 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, even if 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.

Besides the regulatory requirements of the RoHS Directive and the REACH regulation in Europe, the Group complies with restrictions on the substances identified in the RoHS Directive for all of its products sold worldwide.

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.

To support the ISO 14001 certification process of its sites, Legrand has rolled out an environmental risk identification policy ("Material Environmental Aspects"). In 2015, the Group also committed to obtaining ISO 50001 certification for multiple sites. In 2016, 25 sites were certified.

With regard to ISO 14001 and ISO 50001 certification, environmental audits (internal or external) were conducted in 2016 (about 180 for ISO 14001 and 22 for ISO 50001).

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

Provisions for environmental risks are recognized when environmental assessments are available or remedial works are probable and their cost can reasonably be estimated. These provisions amounted to €9.3 million at December 31, 2016, none of which was individually significant.

Lastly, the Group could be impacted by consequences related to climate change (rise in average sea levels, increased frequency of extreme weather events). Such consequences could be operational, for example the risk of damage to facilities or employees, or financial, for example the risk of increased insurance costs.

In light of the above, Legrand conducted a preliminary study into the vulnerability of its sites in the face of climate change consequences. So far, this analysis has focused on the exposure of Group sites to the increased risk of extreme weather events and natural disasters. (For more details on this analysis, please refer to chapter 4 of this Registration Document.) Please see section 4.5.1. for more details of the impact of the Group's operations on greenhouse gas (GHG) emissions.

3.3.4 - Internal control vulnerability and/or non-compliance risks

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

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

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

The Company's fundamental principles also include an ethics component 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 3.6.2 of this Registration Document), as well as through regular reviews and audits.

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

In addition to internal control, the Group relies on the CSR policy described in chapter 4 of this Registration Document, which incorporates the roll-out and monitoring of a compliance program, overseen by a dedicated Compliance Committee (see section 4.3 of this Registration Document), which reports to the Risk Committee.

The Group's compliance program comprises four themes, including the risk of fraud (anti-corruption, fraud, trade embargoes, money laundering). As part of this approach, each entity must assess its own risks 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 Legal Affairs Director and Compliance Officer, and the Group Director of Human Resources) of any breach of the Group's code of ethics.

3.4 - FINANCIAL RISKS

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

3.4.1 - 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 3.5 of this Registration Document).

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

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

3.4.2 - Liquidity risk

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

The Group considers that managing liquidity risk depends primarily on having access to sources of financing that are diversified in terms of both origin and maturity. This approach is the basis of the Group's financing policy. 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 other factors (economic environment, conditions of the debt market, compliance with legislation, regulatory changes, etc.).

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

The debt repayment deadline is regularly monitored (spread of refinancing and anticipation of maturities against a backdrop of volatile markets), as is headroom (immediately available financing). In this regard, in December 2015 the Group made arrangements to refinance its bonds maturing in 2017 by issuing bonds in the amount of €300 million with a 12-year maturity.

The total amount of net debt was €957.0 million at December 31, 2016 and is entirely funded by credit facilities that expire at the earliest, in 2017 and at the latest, in 2027. The average maturity of gross debt is 5.5 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 to €673 million in 2016.

At December 31, 2016, its cash and cash equivalents stood at €940.1 million.

3.4.3 - Market Risks

INTEREST RATE RISK

The Group is exposed to risks associated with the effect of interest rate rises (see Note 5.1.2.1 to the consolidated financial statements in chapter 8 of this Registration Document).

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

Contracts for swaps entered into between Legrand and financial institutions could provide that the swap counterparty require Legrand to deposit, into a pledged or blocked account, a sum in collateral equal to its net liability determined on a marked-to-market basis, pursuant to the provisions of the relevant financial hedging contract. On the date of filing of this Registration Document, Legrand is not engaged in interest rate swaps.

CURRENCY RISKS

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

With regard to the balance sheet, 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 5.1.2.2 to the consolidated financial statements in chapter 8 of this Registration Document.

3.4.4 - Customer credit risk

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

As stated in chapter 8, notes 2.1 and 5.1.2.4, a significant portion of Legrand's income is from sales to its two electrical equipment distributors (around 21% of sales in 2016). In addition, the portion of sales generated from the Group's ten biggest customers represented around 30% of Group sales in 2016, more or less in line with previous periods (31% in 2015).

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, 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.

3.4.5 - Litigation risk

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 8.5 "Legal Proceedings and Arbitration" of this Registration Document).

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

3.5 - INSURANCE POLICIES AND RISKS COVERAGE

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

The major risks incurred by the Group across all its operating activities are covered 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. These policies provide global coverage for the Group and take into account the specific risks and activities related to the Group's operations, including property damage and the resulting operating losses, and product liability.

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

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

3.5.1 - Civil liability

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

3.5.2 - Property damage and operating loss insurance

Subject to the usual excesses, exclusions and cover limits, the Group's property damage/operating loss insurance program covers 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.

In addition to this insurance program, and as mentioned in section 3.2.4 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, and intends to continue risk awareness and prevention campaigns in its operating entities.

OTHER RISKS INSURED

The Group's other main insurance programs cover the following risks: D&O (Directors' and Officers') liability, employer's liability, credit insurance and, since January 1, 2017, cyber-attacks.

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

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, 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 corporate governance and recommendations made by AFEP and MEDEF, as well as market practice among listed companies.

The report was then examined by the Audit Committee on February 6, 2017 for its section on "Risk management and internal controls" before being reviewed by the Nominating and Governance Committee chaired by the Lead Director for its section on "Corporate governance".

The Chairman's report was approved by the Board of Directors on March 15, 2017.

The reader's attention is drawn to the fact that a description of the major risks and uncertainties facing the Company and the various entities within the scope of consolidation is part of the reports drawn up by the Board of Directors pursuant to articles L. 225-100 and L. 225-100-2 of the French Commercial Code and is presented in detail in Chapter 3 of the Company's Registration Document.

3.6.1 - 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 required under article L. 225-37 of the French Commercial code	Heading of the section of the Company's Registration Document disclosing the information required under article L. 225-37 of the French Commercial code	References
Membership 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 6.1.1.1 "**Composition of the Board of Directors**" of the Company's Registration Document	Pages 154 *et seq.* of the Company's Registration Document
	Section 6.1.3.1 "**Composition of the Board of Directors' specialized Committees**" of the Company's Registration Document	Pages 169 *et seq.* of the Company's Registration Document
Preparation and organization of Board of Directors work	Section 6.1.1.2 "**Functioning of the Board of Directors**" of the Company's Registration Document	Pages 160 *et seq.* of the Company's Registration Document
	Section 6.1.3.2 "**Functioning of the Board of Directors' specialized Committees**" of the Company's Registration Document	Pages 170 *et seq.* of the Company's Registration Document
	Section 6.1.1.3 "**Work done by the Board of Directors in 2016**" of the Company's Registration Document	Pages 165 *et seq.* of the Company's Registration Document
	Section 6.1.3.3 "**Work done by the Board of Directors' specialized Committees in 2016**" of the Company's Registration Document	Pages 174 *et seq.* of the Company's Registration Document
Potential limits on the powers of the Chief Executive Officer	Section 6.1.4 "**General Management of the Company**" of the Company's Registration Document	Pages 176 *et seq.* of the Company's Registration Document
Formal reference to a code of corporate governance	Section 6.1 "**Administration and management of the Company**" of the Company's Registration Document	Page 154 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		Nil
Indication as to where the code of corporate governance may be accessed		Page 154 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 9.3.5 "**Shareholders' General Meetings**" of the Company's Registration Document	Page 275 of the Company's Registration Document
Principles and rules set by the Board of Directors for determining the compensation and benefits of Executive Officers	Section 6.2.1 "**Compensation and benefits of company officers**" of the Company's Registration Document	Pages 179 *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 314-315 of the Company's Registration Document

3.6.2 - Risk management and internal control

3.6.2.1 FRAMEWORK, DEFINITIONS, PURPOSES AND ORGANIZATION

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

The Legrand Group's internal control system covers all controlled entities that fall within the scope of consolidation of which the Company is the parent company. No entity is excluded from the scope. The Company 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 about a year following acquisition, and included in the internal control system as part of their docking process.

The scope of application of internal control concerns every area within the Company. The internal control system is regularly updated, to keep it closely aligned with risk management issues and developments in 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 Group's objectives or its reputation.

Risk management involves a dynamic system which enables management to identify, analyse and deal with the main risks in view of the Company's strategic objectives (see section 4.2.1.3. of this Registration Document) so as to contain them at an acceptable level.

Risk management comprises a set of means, behaviours, procedures and actions suited to the Group's special features; it is a duty of all parties involved within the Group.

It seeks to be comprehensive, so as to cover all of the Group'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;
- rally Group employees around a shared vision where major risks are concerned, and raise awareness both of the risks inherent to their activity and of newly emerging risks.

Definition and purposes of internal control

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

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

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

- ensure compliance with laws and regulations;
- ensure the enforcement of instructions and of targets set by the General Management;
- guarantee the proper functioning of internal processes, especially those that contribute to the protection and safeguarding of 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 risk management and internal control

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

Assigning these tasks to a single department ensures consistent methodology and constant adaptation of audit procedures to the internal control risk areas as well as rapid adaptation of the internal control framework in view of any weaknesses detected during audits.

For a dozen Group countries including the largest contributors in terms of business (France, Italy, United States, India, China, Brazil, Russia, Colombia, 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 direct responsibility of the entity's Chief Financial Officer.

In the Group as a whole, the equivalent of 26 staff members were fully dedicated to internal controls in 2016.

The manager in charge of this function at Group level has direct access to the Chairperson of the Audit Committee with whom he confers independently in the context of Audit Committee meeting preparations.

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

Other key contributors

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

- the General Management, involved in the overall design and steering of the Group's internal control system;
- the Company's governance bodies, especially the Audit Committee whose assignment includes monitoring the effectiveness of the system;
- the Group's different departments, some of which take a leading role in the internal risk management and control system as part of various operational committees;
- the Finance Department in general, and especially Financial Managers appointed in the Company's various subsidiaries, who play an ongoing role in organizing the control environment and ensuring compliance with procedures;
- managers at all levels of the organization who are responsible for steering the internal control system in their particular area.

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

Limitations

It should be noted that the internal control mechanism outlined above and detailed hereafter, 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, fraud or failure, will be fully controlled or eliminated.

3.6.2.2 COMPONENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT MECHANISM

Risk management

Organizational framework

The organization defines the players' roles and responsibilities, and establishes procedures. The Group's risk management policy defines the aims of the system, and the process for identifying, analyzing and dealing with risks.

The information system comprises a dedicated tool enabling internal dissemination of risk-related information.

Risk management procedure

The Group's risk management procedure involves three stages:

1) Risk identification: the risk environment has been jointly determined using data gathered from the Group's main senior executives ("top-down" approach) and supplemented both by contributions from Group subsidiaries and functional departments ("bottom-up" approach) and by external benchmark data;

2) Assessment of identified risks: risk assessment and ranking are performed by a college of Group senior executives, using a dedicated tool. Risks are 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 risk analysis is supported by a regular review of specific indicators (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.

   On the basis of this risk identification and assessment a risk map is produced, which is submitted to the Risk Committee for approval; information on risks and risk control systems are detailed in chapter 4: Risk factors.

3) Risk treatment: measures applied to deal with risks include the reduction, transfer, or acceptance of a risk. Action plans are decided upon by the 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.

Ongoing monitoring of the risk management system

The Internal Control Department ensures the proper implementation of this policy, the coordination of the process, and the continuous improvement approach, by:

- leading risk committees and risk mapping exercises;
- designing risk indicators in cooperation with risk owners (Group functional departments) and monitoring these indicators;
- monitoring action plans deployed under the responsibility of risk owners;
- drawing lessons from risk occurrences;
- making sure the identified risk control schemes work properly, through targeted audits.

To illustrate the progress strategy, the risk management process was equipped with a specific tool in 2016, to enable formal recording of the approach, allow for greater involvement of the parties involved, and facilitate steering and reporting.

The approach as a whole is reviewed and monitored by a Risk Committee chaired by the Group's General Management and involving the functional departments. The Risk Committee met twice in 2016, in line with the usual semi-annual frequency of its meetings.

The Audit Committee is also regularly informed of the topics addressed. In particular, the risk assessment and treatment approach is discussed annually with the Audit Committee on a dedicated occasion, during which a review is done of major risks, control mechanisms put in place, and any action plans that may be in progress. A report on this is presented to the Board of Directors.

Internal control

Control environment

The Group's internal control environment is based on the following items:

- the Group's values, formally enshrined in a set of charters which have been widely circulated among its teams. For example, the Group's Charter of Fundamental Principles and its Application Guide setting out the Group's values, its Prevention charter and its Environment charter, and the Guide to good business practice. Commercial practices are framed by the Fair competition charter and the Guide to good business practice;
- exemplary behaviour, an essential means of disseminating values throughout the company;
- clear objectives deployed throughout the company and communicated to its employees (see section 2.2.1);
- an organizational and hierarchical structure enabling a clear definition of responsibilities and of powers;
- IT tools and access to information systems determined according to each person's role, complying with the rules of segregation of duties.

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 outlined in the section above.

Communication and information

The reporting structures which exist for all the Group's major business processes, enable the gathering and circulation of relevant and reliable 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 and environmental responsibility, etc.).

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) 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 key controls, are reviewed annually, using a self-assessment scheme which is mandatory for all entities and supported by a dedicated tool. The scheme combines the completion of a questionnaire for all entities 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.). Beyond the register of essential and mandatory critical controls, the scheme is adapted as required in line with developments in terms of risks and the Group's control environment.

The self-assessment scheme as applied to the largest entities was reviewed in 2016 as part of the continuous improvement process, to enhance its effectiveness and ensure it is aligned with the rules and controls described in the internal control framework. The questionnaire is adapted according to the strengths and weaknesses identified during audits and self-assessments, to reinforce the messages to be conveyed.

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

The 2016 self-assessment campaign showed Group entities to have achieved an overall conformity rate of 90% with the minimum requirements of the internal control scheme, as against 88% in 2015. The Group considers this to represent a satisfactory conformity rate. Targeted support is provided to help all entities to reach this level, and cross-functional initiatives are launched as required. In 2017, specific projects will be conducted on some IT sytems to improve internal control level and to further enhance these processes in line with developments in the external environment on related topics such as cybercrime.

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

Steering and auditing

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

An audit plan, which is reviewed annually, ensures a rotation of audits in all of the Group's country entities and its functional departments. It also takes into account major and emerging risks. After approval by the General Management, the audit plan is presented annually to the Audit Committee.

Every audit assignment systematically generates a report. These reports are submitted to General management, and a quarterly summary is presented before the Audit Committee.

The recommendations expressed in the audit reports directly address the risks underlying any internal control weaknesses identified, thereby strengthening the previously mentioned bottom-up approach. Correct implementation of action plans is 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 Company's Statutory Auditors, and there are regular consultations to optimize the internal control framework and coverage of risk areas, which reinforce the internal control scheme and risk control.

3.6.2.3 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 applicable 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 consolidated 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;
- the Statutory Auditors who, through their external audit 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 a key role in monitoring and controlling subsidiaries' performance and their enforcement of procedures. 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 framework.

All subsidiaries issue a detailed consolidation report every month, which includes a balance sheet and its analytical review, an income statement and its 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.

Group Financing and Cash Flow

The Treasury Department reports to the Group Finance Department.

Bank account signatories are individually approved by the Group Finance Department. Cash flow is monitored through specific procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department.

All bank accounts are managed in 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, the Group has implemented a full set of IT procedures to mitigate security risks and data back-up plans.

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

3.6.3 - Company financial ratings

At December 31, 2016, Legrand's rating by financial rating agency Standard & Poor's was: A- stable outlook.

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

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3.7 - STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE

Year ended December 31, 2016

This is a free translation into English of the statutory auditors' report issued in French 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 on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

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, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by article L. 225-37 of the French Commercial Code, particularly in term of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the 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 on 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 the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, contained in the report prepared by the Chairman of the Board, in accordance with article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine, March 15, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-François Viat

CORPORATE SOCIAL RESPONSIBILITY (CSR)

04

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4.1 - 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 and access to new technologies**, driving improvements for all stakeholders involved in Legrand's activities. By embracing this commitment, Legrand seeks to give more meaning to ethics and transparency, not only in managing its own operations, but in its relations with different stakeholders, and its ecosystem applying an integrated thinking approach and thus considering the Group in the widest sense.

Legrand produces its CSR strategy in the form of a roadmap covering a period of several years. In 2014, Legrand published its third roadmap for the period 2014-2018. This roadmap contains details of the Group's principal CSR contingencies and commitments during this period. It specifies in particular the 21 priorities that the Group has set itself for 2018. The Group's annual CSR performance is measured by monitoring indicators relating to these 21 priorities. For each issue and priority, the Group publishes its annual progress according to the indicator(s) identified. In 2016, 19 out of 21, or 90%, of the annual objectives within the roadmap priorities were achieved. Legrand's CSR strategy consists of **four focus point**: user, society, employees and the environment.

- **User**: Users of the Legrand's products and their needs are the Group's main focus and concern. It relies on innovation to offer users sustainable solutions and to drive progress in the electrical sector. In 2016, for example, the Group continued to develop its business in the assisted living market, while its energy efficiency solutions resulted in the avoidance of the equivalent of 835,000 metric tons of CO_2 emissions. It continued to deploy its communication policy on the environmental impact of its products, with 60% of its sales achieved with products with a Product Environmental Profile (PEP). A total of 715,000 counterfeit products were seized and destroyed in 2016. In addition, seven major new partnerships and collaborative research projects were initiated during the year. More than 437,000 customers have received training since 2014, while 89% of Group sales are covered by a Customer Relationship Management (CRM) system.
- **Society**: Social responsibility applies to all partners with which the Legrand Group interacts. This interaction takes place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. In 2016, more than 500 additional people were trained in business ethics, taking the number of people trained on these topics to almost 2,300 since 2014. The compliance program continued to be rolled out to over 50 countries. 253 suppliers exposed to CSR risks have been detected, 166 action plans have been started in 10 countries covering 66% of exposed suppliers. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity. In 2016, joint action with *Électriciens sans frontières* led to 200,000[1] people benefiting directly or indirectly from access to power. The Legrand Foundation has supported 23 projects since it was created.
- **Employees**: Legrand pays particular attention to the working conditions of its employees and its responsibilities towards them. The Group seeks to ensure respect for Human Rights all over the world. It is also committed to health and safety for all. It strives to develop the skills of each individual and to foster diversity. In 2016, an assessment of the risk of Human Rights violations was carried out on all the Group's workforce considered as being exposed to these risks. The occupational risk management plan and the health and safety monitoring and improvement process covers 90% of the workforce, while the workplace accident frequency rate has dropped by 37% between 2013 and 2016. In all, 87% of employees attended one or more training courses and 88% of managers had an individual appraisal review.
- **Environment**: Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy. In 2016, 91% of the main industrial and logistics sites were ISO 14001 certified. The Group's average energy intensity dropped by 15% between 2013 and 2016 (at current scope). 88% of waste was sent to recycling units and 89% of the Group's sales[2] conform with the requirements of RoHS regulation.

In addition to chapter 4 of this Registration Document, readers are encouraged to view the latest information, data and examples posted at www.legrand.com/EN.

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

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

4.1.1 - Priority issues and 2014-2018 roadmap

Priority issues

The four focus points of Legrand's CSR strategy (see above) in turn consist of 10 key issues, or topics on which the Group focuses its CSR efforts.

USER

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

SOCIETY

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

EMPLOYEES

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

ENVIRONMENT

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

Materiality test

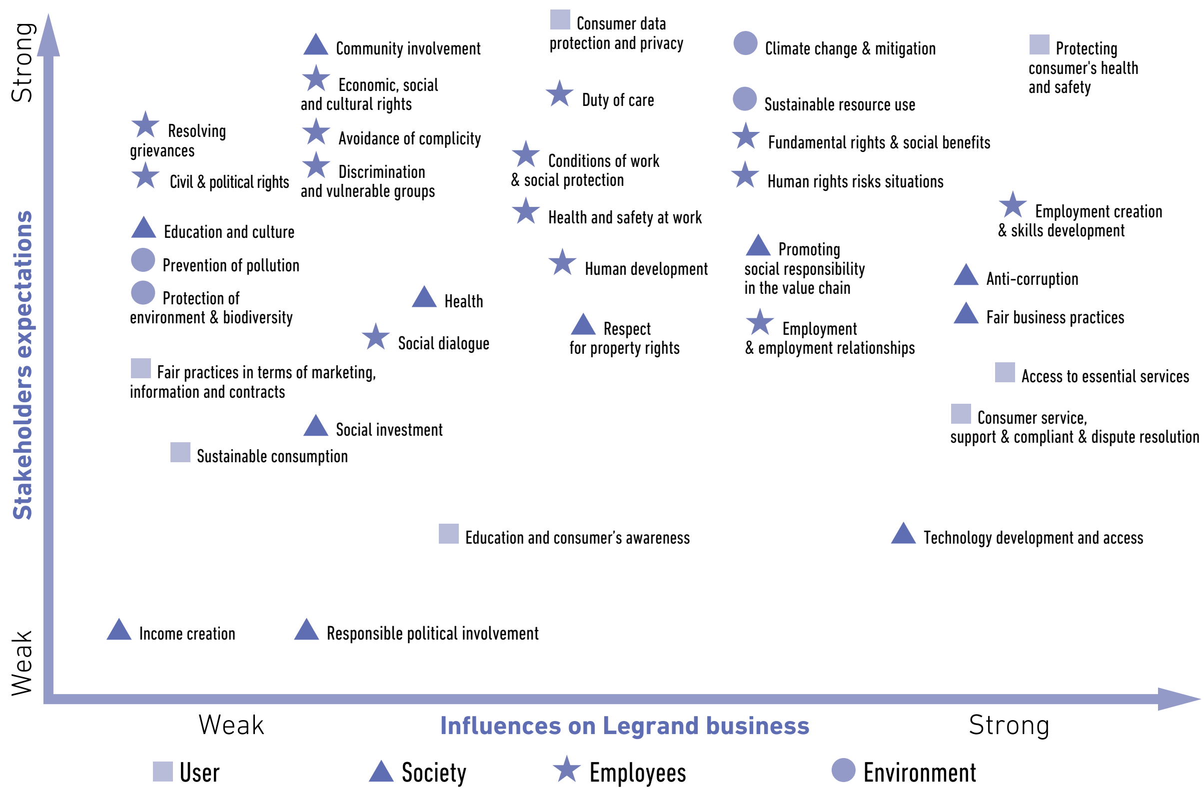
Legrand has conducted a materiality test since 2013. The test is structured around the core subjects of ISO 26000 concerning corporate social responsibility: Human Rights, labor practices, the environment, best business practices, consumers issues, and community involvement.

The relevance and importance of each central issue of ISO 26000 to the Group and its stakeholders are analyzed and evaluated based on the following criteria:

- Relevance: if it is closely related to Legrand's businesses and values and is linked to the social challenges facing the electrical industry and Legrand's stakeholders;
- Importance: impact on the Group's business (such as its sales and workforce), and if it drives progress among Legrand's key stakeholders.

This weighting is carried out on the basis of feedback from the Group's various departments, and particularly studies and surveys conducted among the Group's customers, for example.

The test resulted in the materiality matrix shown below. It highlights the core subjects of ISO 26000 that have a significant influence on Legrand's business and for which stakeholder expectations are high. It was used to confirm the **10 key issues** for the Group and its stakeholders, which have been included in the Group's 2014-2018 CSR Roadmap (for more information, please refer to the analysis in section 4.6.6 of this document).



Roadmap

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

In 2014, Legrand continued this trend by publishing its third CSR roadmap for the period 2014-2018. The roadmap is based on the four focus points and the 10 key issues described 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 4.1.3.2 of this Registration Document). Each year, the global results of this roadmap are published at the same time as the annual financial results; the detailed results are published in the Group's Registration Document and are presented at the Shareholders' General Meeting.

Please refer to section 4.1.3.2 of this Registration Document for the entire 2014-2018 roadmap, together with the progress indicators at the end of its third year of implementation.

4.1.2 - A structured approach

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

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 contingencies and 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 roadmap's priorities;
- 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 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 customers and users of its products and solutions, whether they are specifiers, installers or end customers;
2) its employees and trade unions;
3) its suppliers and subcontractors;
4) the scientific community, industry and the education sector;
5) the financial 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. The Group is therefore a member of the CSR committees set up within professional bodies (GIMELEC, FIEEC, etc.) and the *Club des Directeurs du Développement Durable* (C3D). Locally, Legrand's teams may take part in the studies, working groups and committees on CSR topics which are active in their countries.

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

It is committed to guiding and supporting stakeholders in 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 tools used to evaluate the Group's approach (cross-reference tables respectively presented in chapters 4.6.5 and 4.6.8);
- United Nations Sustainable Development Goals (2030) (cross-reference table presented in chapter 4.6.7);
- the obligations under article 225 of Act No. 2010-788 of July 12, 2010 establishing the national commitment to the environment ("Grenelle 2 Law"). This article requires CSR information to be made public and introduces a mandatory audit of this information by an independent third party. The Group's response to these obligations is set forth in detail in this Registration Document: the relevant chapters are shown in the cross-reference table presented in chapter 4.6.4 and the certification report is presented in chapter 4.7.

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 incorporates the principles of anti-corruption and respect for Human Rights. The text has been translated into a dozen languages and is accompanied by a practical guide;
- the **Fair Competition Charter**, which defines the rules on compliance with competition law;
- the **Guide to Good Business Practice**, which focuses on preventing corruption and fraud. Other matters relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also covered;
- the **Prevention Charter**, which sets out the key principles of Legrand's health and safety policy. It defines three principles: compliance with national legislation and regulations, incorporation of safety into 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 **Purchasing Policy**, which establishes the principles of sustainable, balanced and mutually beneficial supplier relations.

The promotion and dissemination of these documents is carried out locally through ethics and environmental representatives, 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

"Legrand 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 4.6.6 of this document.

4.1.3 - CSR governance and performance management

4.1.3.1 CSR GOVERNANCE

Legrand's **CSR Department** is part of the Strategy and Development Department and is responsible for managing and implementing the Group's CSR strategy.

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

For example, corporate governance subjects relating to business ethics are overseen by the Legal and Compliance Department, which reports to the Finance Department. The subjects relating to Human Rights are covered jointly by the CSR Department and the Human Resources Department.

In addition, a network of 60 ethics representatives 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, the SBUs (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 CSR Department presents the previous year's results to the committee, together with targets for the coming year (see section 6.1.3 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 2016. 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 section 4.7).

4.1.3.2 PERFORMANCE MANAGEMENT

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

- the departments and countries that are directly responsible for producing the data;
- the functional departments and SBUs (strategic business units) that analyze the data;
- the CSR 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 are derived from the Group's reporting tools, especially those pertaining to Occupational Health & Safety, Human Resources, Environment and Marketing.

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

The 31 indicators mentioned above are deployed at two levels:

- locally: for each priority, the progress of each entity is ranked based on four levels ("Insufficient", "Deployment", "Performance", "Excellence"). Each year they are provided with a CSR dashboard. This allows them to track their performance over time, relative to the Group as a whole;
- at Group level: the Group's overall CSR performance 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 2016, the CSR performance levels of more than 70 reporting scopes (subsidiaries, regions or entities) have been assessed, representing all Group activities (apart from new acquisitions not included in the Group's report, as per the rules described in section 4.6.1 of this document). Of these reporting scopes:

- 78% were ranked at the "Performance" level (rating greater than or equal to 2.5 on a scale of 1 to 4) versus 43% in 2015;
- 20% were ranked at the "Deployment" level (rating between 2 and 2.5) versus 49% in 2015;
- 2% were ranked at the "Insufficient" level (rating below 2) versus 8% in 2015.

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

In addition, in 2016, 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. Starting in 2016 one third of the performance criteria for performance shares awarded under a three-year plan to the Chairman and Chief Executive Officer, to members of the Executive Committee and to key managers were indexed to the overall CSR performance, linked to the roadmap.

The performance of certain departments within the Group is also partially assessed on the basis of CSR criteria, including, for example, the rate of completion of individual appraisal reviews for 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. This is calculated based on intermediate annual targets and the annual achievement rate is calculated on these intermediate targets. The rates of achievement of annual targets for 2016 were the subject of a voluntary audit moderate assurance by one of the auditors, Deloitte & Associés. Please refer to section 4.7 of this Registration Document for more information about this approach and the associated results.

Roadmap 2014–2018: 2018 targets	2014: Target achievement rate	2015: Target achievement rate	2016: Target achievement rate	Ref.
Focus: User				**4.2**
Issue no. 1: Providing sustainable solutions				4.2.1
■ To increase by 50% Group sales of solutions that improve living conditions and comfort	57%	47%	51%	4.2.1.1
■ To actively continue the deployment of initiatives to improve product quality and tackle counterfeiting in the electrical industry	93%	94%	89%	4.2.1.2
■ To provide product environmental data compliant with ISO 14025 for products accounting for two-thirds of Group sales	101%	101%	102%	4.2.1.3
■ To avoid the emission of 1.5 million metric tons of CO_2 equivalent	74%	105%	100%	4.2.1.4
Issue no. 2: Playing a driving role in the electrical sector				4.2.2
■ To continue to provide training to industry players by further innovation in response to local needs and conditions	122%	130%	146%	4.2.2.1
■ To continue to develop university partnerships and collaborative research projects, and implement the resulting innovations	83%	131%	114%	4.2.2.2
■ To provide feedback mechanisms and customer satisfaction measurement for 95% of Group sales	109%	112%	104%	4.2.2.3
Focus: Society				**4.3**
Issue no. 3: Acting ethically				4.3.1
■ To have an additional 3,000 employees trained in business ethics	273%	198%	152%	4.3.1.1
■ To cover 100% of Group sales through a compliance program monitoring scheme	110%	105%	107%	4.3.1.2

Roadmap 2014–2018: 2018 targets	2014: Target achievement rate	2015: Target achievement rate	2016: Target achievement rate	Ref.
Issue no. 4: Ensuring responsible purchasing				4.3.2
■ To support 100% of higher risk suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics	100%	124%	131%	4.3.2
Issue no. 5: Enabling access to electricity for all				4.3.3
■ To enable an additional 800,000 people to have access to electricity, whether directly or indirectly	141%	167%	153%	4.3.3.1
■ To ensure the widest possible access to the initiatives of Legrand Foundation	100%	100%	100%	4.3.3.2
Focus: Employees				**4.4**
Issue no. 6: Respecting Human Rights				4.4.1
■ To map and annually assess workforce exposure to the risk of Human Rights violations in the workplace and deploy measures for improvement as appropriate	100%	108%	100%	4.4.1
Issue no. 7: Guaranteeing health and safety at work				4.4.2
■ To extend and maintain an occupational risk management plan covering 90% of the Group's workforce	106%	100%	100%	4.4.2.1
■ To implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce, with the objective of reducing the Group's workplace accident frequency rate by 20%	211%	235%	184%	4.4.2.2
Issue no. 8: Developing skills and promoting diversity				4.4.3
■ To maintain a dynamic strategy in talent and skills management, suited to employee expectations and market needs	71%	90%	104%	4.4.3.1
■ To increase the number of women in key positions by 25%	127%	125%	113%	4.4.3.2
■ To reduce the pay gap between men and women in the Group's non-managerial positions by 15%	274%	94%	142%	4.4.3.3
Focus: Environment				**4.5**
Issue no. 9: Reducing the Group's environmental footprint				4.5.1
■ To achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites	102%	104%	102%	4.5.1.1
■ To reduce energy intensity by 10%	315%	175%	247%	4.5.1.2.
Issue no. 10: Innovating for a circular economy				4.5.2
■ To deploy the principles of a circular economy from the product design phase through to end-of-life	100%	87%	118%	4.5.2
TOTAL ACHIEVEMENT RATE	**123%**	**120%**	**122%**	

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4.1.4 - Recognized CSR performance

4.1.4.1 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 inclusion in the world's leading CSR indexes, particularly at the end of 2016:

- Dow Jones Global Sustainability Index (DJSI) World;
- FTSE4Good (London Stock Exchange);
- ESI Excellence Europe and Excellence Global;
- Euronext Vigeo: Eurozone 120, Europe 120, France 20, World 120;
- MSCI World ESG Index (part of the MSCI Global Sustainability index series) and MSCI World SRI Index (part of the MSCI Global SRI index series);
- STOXX® Global ESG Leaders indexes.

Legrand has also received the following recognition and ratings:

- "Prime" status in Oekom Research's Corporate rating;
- "Inclusion in the "2017 Sustainability Yearbook", published by the asset manager RobecoSAM in conjunction with KPMG;
- Inclusion in the Ethibel Pioneer and the Ethibel Excellence Europe and Global registers;
- 59th place in the "Corporate Knights 2017 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.

4.1.4.2 CSR AWARDS AND DISTINCTIONS: A RECOGNIZED STRATEGY

The list of CSR awards and distinctions received by the Group in 2016 is available on our website www.legrand.com/EN.

4.2 - OFFERING USERS SUSTAINABLE SOLUTIONS

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

4.2.1 - Providing sustainable solutions

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 new economies). Yet there are also **technological challenges**, with increasing digitalization: the advent of smart grids and the rapid increase in digital streams.

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

- Legrand is helping to make the functions of electrical installations available to the largest number of people, whether these functions 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.

4.2.1.1 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 home 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. These may be updated from year to year as the ranges evolve, based on surveys carried out on a sample of subsidiaries. These are then extrapolated to the Group as a whole.

Group priority 2014-2018

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

Key performance indicator:

Percentage of sales generated in the residential building sector with:

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

Annual targets:

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

2016 achievement:

The percentage of Group sales represented by these offerings increased by 9.7% between 2013 and 2016. This was below the 19% growth target that the Group set itself at the end of 2016. Sales for this product offering were slightly below expectations, particularly in some of the mature markets. The Group continues to position itself in the area of assisted living and to launch ranges in new economies, in a bid to work towards the goals originally set.

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

* *Calculated against annual targets.*

Products resulting from frugal innovation

The Group's frugal innovation approach is reflected by the development of **product ranges that meet these basic needs**. It involves rethinking certain offerings by 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 can be seen in the design, development and marketing of safe, sustainable and affordable ranges of accessories (sockets, switches) and circuit breakers, which enable buildings to be sustainably and safely equipped at an affordable price for the greatest number. This is mainly intended for the 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 Indo Asian and its range of Glint accessories for the residential market, designed in response to the budgetary constraints specific to this type of requirement;
- in South and Central America, with the Domino Sencia accessory ranges, or with Luzica and New Galica in Colombia.

For more information on solutions that address these basic needs, see our website www.legrand.com/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 4.2.1.4, or visit the website at 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 2015 (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, aid orientation and prevent falls, reducing the latter by up to 30% (source: trial carried out in association with Corrèze Regional Council in France). Finally, safety in the home, which involves the use of technical sensors such as smoke, gas and carbon monoxide detectors;
- facilitating access to building functions such as shutters or heating with Legrand home automation solutions (e.g. Legrand's *Céliane* lighting control systems or *Bticino* 300 connected door-entry systems) means that home environments can be programmed from a single control point, with lighting, heating and access set to match personal needs and preferences. *Céliane* systems can even be coupled with remote control systems to offset specific motor or sensory deficiencies;
- facilitating communication with the outside world by sending reports on the status of the dwelling and its occupant to a support center, which can then respond to alerts remotely and take control of home automation systems. The wearable alarm devices of the subsidiary Intervox Systèmes can be used to trigger a manual or automatic alarm (fall sensor) and alert 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.

For more information on the Group's solutions for assisted living, see the website www.legrand.com/EN. For more information about the Group's initiatives for the Silver Economy, see sections 4.2.2.2 and 2.1.1.2.3.

4.2.1.2 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.

Group priority 2014-2018

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

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

Annual targets:

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

2016 achievement:

The Group underperformed on the indicator for the implementation of the product risk management procedure, since 77% of its sales are generated within entities that apply the principles, against an annual target of 100%. The changes in this indicator between 2015 and 2016 are due to the redefinition of key control points of the procedure to include a greater degree of rigor. A comprehensive communication on the subject of product risk is underway, which will allow the Group to strengthen this process. The targets set for counterfeiting have meanwhile been achieved, with the seizure and destruction of about 715,000 counterfeit products and the action plans implemented to tackle counterfeiting in several countries.

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

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

Quality policy

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

The Group's quality policy is essentially implemented through:

- **ISO 9001 certification** of Group sites, with almost 98% of sites certified at the end of 2016 (sites included in the Environment Report);
- **laboratory accreditation processes**, overseen by the SBUs and carried out before products are brought to market;
- **quality monitoring plans**, which ensure that the product specifications remain consistent with the original quality standards and accreditation, throughout the manufacturing and marketing process.

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 **product risk management procedure**, applicable to all Group products irrespective of brand and target market, includes fast-track internal processing for potentially critical situations. In the most sensitive cases, product withdrawal or recall actions could be launched. In 2016, two operations of this type were carried out within the Group.

The **customer dissatisfaction management process** ranks dissatisfaction according to different levels of severity: those that could have implications for the safety of goods or people, or that have significant financial implications, are dealt with 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 4.2.2.3 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 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 representatives at the SBUs;
- actively participating in the seizure and destruction of counterfeit electrical products, working closely with the customs agencies of the countries concerned. Through global communication strategies via trade unions or industry associations FFB (Fédération Française du Bâtiment), IGNES (Industries du Génie Numérique Énergétique et Sécuritaire), BEAMA (British Electrical and Allied Manufacturers' Association), to raise awareness among all stakeholders, including installers and distributors.

As a result of actions carried out in 2016, the Group seized 715,000 counterfeit products. More than 80% of these seizures come from actions taken on the direct initiative of Legrand's teams in China. The remainder result from Legrand taking part in actions carried out jointly by members of the electrical industry and customs supervision.

For example, since January 2006, more than 5.5 million counterfeit devices (primarily switches and sockets) and circuit breakers under all the Group's brand names, as well as 21 production molds, have been seized and destroyed. Legrand has also shut down some 10,000 links to websites selling counterfeit goods.

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. Since 2014, it has been introduced by the Egyptian, Polish, Italian, Russian, Indian, Hungarian and South African subsidiaries, as well as other historic subsidiaries.

For more information on Legrand's fight against counterfeiting, see chapter 3.1.5 of this Registration Document on "Risks related to intellectual property".

4.2.1.3 INFORMING CUSTOMERS OF THE ENVIRONMENTAL IMPACT OF PRODUCTS

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

Group priority 2014-2018

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

Key performance indicator:

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

Annual targets:

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

2016 achievement:

At the end of 2016, 60% of Group sales were of products with a PEP. Having achieved its 2016 target for this priority, the Group is continuing its communication policy on the environmental impact of its products.

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

* *Calculated on year-end sales (excluding services and acquisitions in 2016) compared with annual targets.*

An industry-wide approach

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

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

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

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

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

A recognized tool

The PEP environmental declaration and the associated PEP ecopassport® program are recognized by several construction rating systems. For example, the LEED (Leadership in Energy and Environmental Design) scheme, a standardization system for high-performance buildings, is the first global standard in this area, with about 140,000 m^2 certified daily. Version 4 of LEED emphasizes the need for product environmental information in accordance with ISO 14025 for electrical equipment installed in a building. Not only do PEPs enable Legrand to position itself on projects with more added value, but they also allow the industry to deliver projects with better environmental performance, thereby adding value to the building in which these solutions are installed.

More than 1,400 PEPs available

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

Legrand has filed more than 1,400 PEPs in the official database of the PEP ecopassport® program (pep-ecopassport.org). These documents can also be accessed on the websites of the Group's various brands, or on request from customer service departments. For example, about 4,500 downloads of these documents were recorded on Legrand's French website in 2016.

Thanks to the efforts of its R&D teams, 60% of Group sales were generated by products covered by PEPs at the end of 2016.

In 2016, some 300 new PEPs were developed for the Group's various international offerings. All R&D centers involved in the Legrand Way for Eco-conscious Design were involved in this effort to create PEP ecopassport® for their market. This environmental information has also been made available to customers in the U.S., China, Brazil and India.

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

4.2.1.4 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 metric tons of CO_2 equivalent.

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

Annual targets:

	2014	2015	2016	2017	2018
Million of metric tons of CO_2 avoided using the energy-efficient solutions marketed by the Group	0,18	0,43	0,83	1,2	1,5

2016 achievement:

A total of 835,000 metric tons of CO_2 emissions were avoided thanks to the energy efficiency solutions marketed by the Group, against a target of 833,000 by end 2016 and this enabled the Group to achieve its 2016 target for this priority.

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

* *Calculated against annual targets.*

Simple and accessible solutions

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

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

- **Reactive energy compensation and harmonics filtration**: Alpes Technologies offers a full range of services and products that improve energy quality and reduce the environmental impact, particularly in terms of CO_2 emissions;
- **Energy-efficient transformers and busbars** to optimize power distribution and reduce system losses;
- **High-quality uninterrupted power supply**: the Group's UPS ranges are based on smart power factor correction circuitry, which optimizes the absorption of energy inputs: efficiency

remains at a high and constant level, even at a low rate of charge. Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy (Italy), Numeric (India), S2S (France), Primetech (Italy) and Fluxpower (Germany), Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions), and photovoltaic power inverters.

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

- **Lighting, heating and plant management**: the Group's solutions manage energy and reduce waste and therefore electricity bills, with a quick return on investment for users. The Group has expanded with the acquisition of Pinnacle for lighting and Q-Motion and Solarfective for natural lighting management. In addition, digital lighting management solutions optimize energy consumption by adapting to usage.
- **Analysis, measurement and monitoring of electrical equipment** are essential steps when preparing an energy audit (i.e. ISO 50001 audit) and managing installations.
- **Photovoltaic panel connections:** Legrand offers photovoltaic panel connection solutions for residential and commercial use.
- **Electric vehicle charging solutions:** Legrand offers a domestic type socket, *Green'up Access*, which can charge at 14 A (3.2 kW). It also has a range of charging stations, *Green'up Premium*, suited to the home, public or corporate parking areas, residential buildings and public roads.
- **Energy savings for data centers**: largely thanks to Minkels, the Dutch acquisition that specializes in data-center equipment, the Group provides energy-saving solutions for data centers both for large, medium and small enterprises and for commercial facilities. For example, the Varicondition Cold Corridor® solution is a system based on the complete separation of hot and cold air flows, to increase efficiency and energy savings. The acquisition of Raritan rounds out the data-center offering with smart PDUs[1].

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 connected 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

Energy saved using the Group's energy-efficient solutions is calculated from Group sales of energy-efficient solutions, a return on investment, and the cost of electricity in the countries concerned, respectively for France over a period of five years and €90/MWh in line with industry-wide data. In other countries, the local cost of electricity and the impact on return on investment is balanced when it comes to calculate energy saved. Besides, the greenhouse gas emissions avoided in each country considered take into account 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. Note that the impact calculation takes into account 50% of annual sales for the first year considered. It is assumed that avoided emissions are cumulative over a given year, calculated on sales made since 2014.

Since 2014, the Group has thus avoided an aggregated total of 1.4 million metric tons of CO_2 emissions.

Focus: Responsible and transparent information.

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

(1) PDU: Power Distribution Unit.

4.2.2 - Playing a driving role in the electrical sector

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

Focus: Minkels wins Frost & Sullivan Best Practices Award

In 2015, Minkels received a Frost & Sullivan award for its Free Standing Cold Corridor, a revolutionary new racks and cabinet solution for the European market. Frost & Sullivan, a partnership company for growth and visionary innovation, presents this award to companies that have achieved remarkable success and have demonstrated superior performance in different areas (e.g. leading market position, technological innovation, customer service or strategic product development).

4.2.2.1 FOSTERING SKILLS ENHANCEMENT ACROSS THE ELECTRICAL INDUSTRY

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

Group priority 2014-2018

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

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

Annual targets:

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

2016 achievement:

Legrand has trained more than 430,000 customers since 2014, exceeding its target of 300,000 customers by more than 40%. This positive performance is mainly due to the results of the U.S., Brazilian, Chinese, Chilean and Peruvian subsidiaries.

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

* *Calculated against annual targets.*

Dedicated training centers

Legrand offers training programs to local distributors, specifiers and electrical installers, including at its Innoval international training centers in Limoges, Lyon, Aix-en-Provence, Nantes, Nancy and Paris, France, as well as in the Middle East and South America. In total, there are 17 training centers around the world for electrical industry players.

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 2016, the Innoval centers in France welcomed about 7,500 customers and nearly 5,500 apprentices to training courses.

For more information on the Group's training strategy, see section 2.3.1.3.

Focus: A simulation wall for the My Home system with remote access

The home automation system *My Home* offers a host of possible configurations to suit the myriad requirements of the Group's customers. Using a simulation wall integrated with the *My Home* system, customers can prepare their projects locally or online via remote access. The simulation, generated by the Group's specialists, can enhance projects by providing advice during the design phase and clarification during the execution phase.

More information on training can be found on the website at www.legrand.com.

4.2.2.2 STIMULATING TECHNOLOGICAL INNOVATION

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

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

Group priority 2014-2018

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

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

Annual targets:

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

2016 achievement:

Legrand embarked on 7 major new collaborative research partnerships and projects in 2016. This brings the number of significant partnerships established since 2014 to 24 (versus a target of 21), which is testament to Legrand's commitment to accelerate the forging of new technology and research partnerships.

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

* *Calculated against annual targets.*

Collaborative projects

Legrand is a member of several competitive clusters, designed to bring local businesses, training centers, research laboratories and universities together in partnerships to develop innovative collaborative projects. The Group is a founding member of ELOPSYS, which, on January 1, 2017 following the creation of the Nouvelle Aquitaine region in 2016, merged with Route des Lasers to form the high-tech cluster called *Alpha Route des Lasers et des Hyperfréquences*, specializing in photonics, electronics and microwaves. Legrand is also a founder member of S2E2 (*Science et Système de l'Énergie Électrique* – Science and Electrical Power System), focusing on electrical energy for the Center and Limousin regions.

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

- "Smart Grid 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 commercial and residential pilot buildings are currently operational and will be used to assess the real-world benefits of innovative energy management solutions.
- In 2015, Legrand participated in the funding round held by Netatmo, a specialist in connected objects for the home. Legrand is therefore involved in providing Netatmo with the resources it needs to pursue its strong growth. Netatmo products (weather station for smartphone, thermostat for smartphone, Welcome, security camera with facial recognition) have been successfully marketed in Europe, the United States and Asia. In addition to giving Legrand closer proximity to the latest trends in the Internet of Things, these connections will also facilitate collaboration for the development of interoperable electrical and digital infrastructure products with wider practical applications, such as the Céliane™ with Netatmo offering presented at the CES in Las Vegas in January 2017.
- Legrand is the lead participant in Cocaps, a collaborative research project certified by the S2E2 competitiveness cluster with French government Single Inter-ministerial Funding. It is aimed at developing low-cost sensors providing enriched information on presence detection and activity inside buildings, information that is essential for the automation of assisted living functionality, energy management, comfort and, ultimately, security.

- To expedite the development of smart buildings, Legrand is working with various stakeholders to strengthen interoperability between their technologies, for example in energy management, heating, ventilation, air conditioning and heat pump systems. More specifically, Legrand has established an international technology partnership with Samsung to develop offerings that improve hotel room control and comfort and thus enhance the guest experience through connected solutions.
- Starting in 2016, Legrand continues with its pioneering work on developing sensor networks in partnership with CEA-Leti (French Atomic Energy Center).The aim of this collaboration is to develop autonomous power supply solutions for wireless controls and sensors.
- In 2016, Legrand went into partnership with Ablerex to develop energy storage solutions for buildings.

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

- 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 assisted living 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.
- Legrand is an active member of the OCF (Open Connectivity Foundation), the largest international consortium set up to promote the worldwide adoption of products, systems and services comprising the Internet of Things based on a shared technology and open-source languages. Members of this alliance are working on an open-source software project with industry wide support, which accepts contributions from members and the open source community.

Focus: Legrand signs "Open Innovation Alliance" charter

The Legrand Group is involved in lobbying the French government to promote open innovation by signing the "Open Innovation Alliance" charter. The aim of the alliance is to harness best practice, success and tangible results to foster the widespread adoption of open and collaborative innovation in the French economy. It seeks to provide a policy framework of virtuous principles for collaboration between companies and start-ups and to champion the values of a mutually beneficial partnership.

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

Engagement with the academic community

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

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. Subsidiaries in Chile and Egypt have also formed partnerships respectively with INACAP (*Universidad Tecnologica de Chile*) and the University of Heliopolis (University for Sustainable Development). In 2015, the Brazilian subsidiary launched the innovation project New PowerView with the Reconcavo Institute of Technology (*Instituto de Tecnologia*). The aim of the project is to develop a modern management and remote monitoring tool for uninterruptible power supplies (UPS).

Legrand has always forged close links with the world of education and training, keen to offer its know-how and skills to promote the electrical engineering and digital sectors and scientific, technical and vocational disciplines in general. Legrand is a longtime partner of both WorldSkills France and WorldSkills Hungary. Between them they share common values based on professionalism and knowledge-based excellence. Through competitions such as WorldSkills, Legrand seeks to further its aim of promoting vocational training pathways such as apprenticeships.

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 is involved in environmental standardization through the work of CENELEC's Technical Committee, TC111X, in charge of environmental aspects for electrical and electronic products and systems. This work mainly covers energy efficiency and resource efficiency. For example, Legrand's experts, members of the French and Italian mirror committees, were directly involved in drafting the future standard EN50XXX dealing with product category rules (PCRs) applicable to the Life Cycle Assessment (LCA) of electrical and electronic products and systems.

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

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

In the United Arab Emirates, for example, the Group's subsidiary is an active member of the Emirates Green Building Council (EGBC) and a member of its Board of Directors. In 2015, it was involved in drawing up EGBC technical guidelines on building renovation and contributed to the section on lighting management. The guidelines were developed in accordance with the UAE sustainable development program and with local sustainable strategies (e.g. Integrated Energy Strategy for Dubai, Abu Dhabi's "Vision 2030", etc.). It offers UAE project managers an effective toolbox for designing sustainable and comfortable buildings using cost-effective methods. In 2017, the EGBC will launch an educational tool on its website to promote greener buildings. This tool is called the Green Building Toolkit. By sponsoring this initiative, Legrand is helping set up and publicize the platform.

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.

4.2.2.3 ENSURING CUSTOMER SATISFACTION AND FEEDBACK

Monitoring customer satisfaction offers valuable insights for improving products and services and understanding customers' needs. This is why customer feedback is one of Legrand's fundamental values. The Group intends to 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

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

Key performance indicators:

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

Annual targets:

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

2016 achievement:

The roll-out of CRM and customer feedback tools continued in 2016.

At the end of 2016, the principal indicators for this priority were the following:

- customer service rate indicator: 88%;
- CRM tool launched: 89%;
- SOLUTIO tool launched: 87%;
- customer satisfaction surveys: 71%.

In 2016, service rate measurement continued to be rolled out (+4 points compared with 2015), while customer satisfaction surveys are also encouraged (71% of the Group's sales covered, as against 67% in 2015).

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

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

Customer satisfaction

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

The Group has introduced a standard system for enhanced **customer relationship management**. This has boosted customer satisfaction and loyalty by continually exceeding customer expectations. For example, more than 89% of Group sales are covered by a CRM (Customer Relationship Management) tool, or example Salesforce. This incorporates a corporate social network, Chatter, which allows projects and information to be shared more widely. From a marketing perspective, it facilitates the reporting of market data. The 3-point reduction from 2015 is due to the number of acquisitions that the Group made, where any implementation takes place in the first few years.

Subsidiaries' Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. These send comments or requests for product improvements to SBUs to inform the debate on product developments. The **dissatisfaction monitoring software** SOLUTIO provides a direct connection between the after-sales departments of each subsidiary, the quality departments of the SBUs and the central product risk management department. Information is shared in real time, and technical issues or customer dissatisfaction is registered immediately for optimized processing. At the end of 2016, 87% 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 2016, for example, such surveys were conducted in the Netherlands, Belgium, France, Italy, Chile and the United States. Subsidiaries are encouraged to perform annual surveys, which is the case for most of the subsidiaries that have introduced them;
- every year, the Group's key distributors evaluate its performance and services (marketing, technical support, supply chain, distribution policy, cooperation). These assessments are carried out by independent service providers. The Strategy and Development Division analyzes these results and shares them with all countries. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also held with product specifiers to discuss their expectations.

Focus: In the 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 were 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 179 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, and for all Corporate Communication activities, traditional and digital communication is handled by Group External Communications, in accordance with Group rules. All communication must be approved by the Director of Group External Communications and his team. Communication tools – particularly the source files – are held in a database accessible only to the department's communications officers and the communications officers of the Group's subsidiaries.

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

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

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

- ICC Code no. 240-46/557 of February 3, 2010: Framework for responsible environmental marketing communications, and the consolidated ICC Code of advertising and marketing communication practice;
- 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 checklist for responsible communication aimed at marketers, as well as a charter setting out standards for the respectful portrayal of people in advertising, which is recognized by the French Ministry for Solidarity and Social Cohesion.

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

Data protection

As a specialist in electrical and digital building infrastructure, Legrand generated sales in 2016 of close to €440 million from connected objects, representing an increase of nearly 40% in total sales achieved with already connected products compared with 2015, which places the Group ahead of its market plan.

While the Internet of Things and the proliferation of data will necessarily have implications for privacy, Legrand intends to remain true to its values, without compromising on respect for its customers. The Eliot program will thus help to maintain data confidentiality. In view of this, Legrand has introduced an approach promoting data privacy and the security of these data oriented toward the Eliot program on the development of connected devices (Privacy by Design) and based on recommendations issued by the article 29 Working Party (the article 29 Data Protection Working Party was set up under Directive 95/46/EC of October 24, 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data). In particular, security audits and regular intrusion tests are carried out by Legrand or by leading cybersecurity companies. These are conducted in the form of simulation of hacking throughout the process, from software development to production. Legrand also implements PIAs (Privacy Impact Assessments) to measure and minimize the impact of personal data processing on users' privacy.

The Group is also conducting specific tests and analyses on the security and protection of personal data in association with companies specializing in cybersecurity.

4.3 - ACTING ETHICALLY TOWARDS SOCIETY

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

4.3.1 - Acting ethically

The Group's commitments and priorities

One of the basic tenets of Legrand's social responsibility is to abide by ethical principles. This approach covers the themes of compliance with competition rules, the application of best business practices (particularly on anti-corruption), the prevention of conflicts of interest and management of fraud risks, the observation of international embargoes and sanctions, and the prevention of money laundering and terrorist financing. These themes are reflected in the four pillars of the Group's compliance program.

Concerning compliance with the competition rules, the Group prohibits formal or implicit agreements between companies, whether horizontal between directly competing companies, or vertical between players at different levels in the economic chain. Such agreements may have the effect of distorting or reducing competition. The Group also prohibits the exchange of commercially sensitive information with competitors and abuses of dominant position that could lead to the closure of the market to the arrival of new players or exclude existing competitors, to the detriment of customers and end consumers.

The Group defines corruption as unlawfully or inappropriately offering an advantage in return for a favor or advantage, or to influence someone's actions. Legrand prohibits corruption in its dealings with public authorities, customers, suppliers or other partners (by bribes, commission or illegal payments, for example). The Group is extremely attentive to other situations that might prove legal or illegal, depending on the circumstances or the local legal context, such as facilitation payments and lobbying for example. In addition, strict procedures apply to business gifts, hospitality and entertainment. Donations to charities are also regulated.

The Group defines fraud as the willful use of deception by one or more members of management, individuals in charge of governance, employees or third parties to obtain an undue and/or unlawful advantage. The notion of fraud includes various concepts: first, the misappropriation of assets by an employee and any attempt to derive a personal benefit from his or her employment at the expense of the company; second, non-compliance with accounting standards and communication to the Group of financial data that is known to be materially false; third, failure to obey the law. Fraud is strictly prohibited within the Legrand Group.

The Legrand Group does not tolerate non-compliance with the laws on export control or trade embargoes against a country or individuals, particularly financial and economic sanctions imposed by the United Nations Security Council, the U.S. Government and the European Union. Furthermore, each Group subsidiary has a duty to monitor compliance with national regulations that may have been enacted by some countries and that impose economic, trade or financial sanctions against certain states.

Lastly, Legrand is committed to enforcing anti-money laundering legislation and seeks to have reputable customers with legitimate operations, financed by lawfully obtained funds.

The Group's commitments and rules regarding business ethics are enshrined in its guidelines and charters. The Guide to Good Business Practices illustrates how the Group views and conducts business; it sets out the values shared by the Group's employees. In terms of trade relations, Legrand's Competition Charter sets out the best practices to adopt and explains how to abide by competition rules. These documents supplement the Group's Charter of Fundamental Principles. All Group employees must adhere to these rules, particularly if they are in contact with the Group's customers, suppliers or business partners. All these documents can be found at www.legrand.com.

The ethical business rules that the Group applies do not stop at its subsidiaries: they also apply to its suppliers and subcontractors. Legrand expects them to adhere to the sustainability standards contained in its Ethical Supplier Relations Code. Compliance with these rules is a major factor in supplier selection and management.

The Group demonstrates its commitment in these areas through two priorities of its CSR roadmap: employee awareness and training, and by ensuring that its compliance program is properly implemented.

The General Management's commitment is cascaded down to the Group's various divisions and countries, which must sign a letter pledging to comply with the rules on business ethics. The letter is relayed by the countries, departments and SBUs at the highest level of their organization. Reflecting the two priorities of the CSR roadmap, the letter confirms the signatories' commitment to train local staff and effectively implement the rules and procedures of the Group's compliance program.

The Group's compliance guide sets out the rules and obligations to be observed by all Group employees.

The General Management has affirmed its strong commitment to business ethics by signing the Global Compact and by adhering to the main universal principles and the international reference documents, including: the Universal Declaration of Human Rights and additional compacts; the United Nations Sustainable Development Goals; the guiding principles of the OECD on the fight against bribery of foreign public officials in international business transactions; the guiding principles of the OECD for multinational companies; the United Nations Convention against Corruption; transnational or national legislation and regulations on competition and anti-corruption.

Organization of business ethics within the Group

Business ethics is the responsibility of the Group Legal and Compliance Department. The Group Executive VP Legal Affairs also acts as Group Compliance Officer. Her role is to protect the Group from non-compliance risks by enforcing rules and regulations on business ethics.

The Group has implemented a compliance program under the aegis of the Group Legal and Compliance Department. It is based on the regulatory and legislative framework, the best practices defined by the Group, and an analysis of the risks relating to business ethics for the Group (please refer to chapter 4.3.1.2, "Verifying the application of the Group's compliance program").

The Internal Control Department incorporates business ethics into all risk management, internal control and audit processes.

Risk management reporting for business ethics takes place twice a year within the Group Risk Committee and annually within the Audit Committee. The Chairman of the Audit Committee reports back to the Board of Directors. The Group Compliance Officer works directly with these committees on specific cases of non-compliance; she has direct access to the Group Chairman and CEO, advising him on matters relating to business ethics and submitting policies proposed as part of the compliance program to him for approval.

The Group's business ethics framework involves head office departments, which are regularly called upon to reinforce established rules and develop awareness, training and monitoring activities. The Group Compliance Committee, composed of the heads of central departments (HR, Group Purchasing, Group Operations, Finance, Export and Strategy), oversees the Group's compliance program.

The Fraud and Alerts Committee deals with cases of non-compliance under the supervision of the Group Compliance Officer.

Group subsidiaries locally implement the rules defined and adapt them according to local laws and regulations. The Country Chief Financial Officers have been named as Country Compliance Officers for the purposes of the Group's compliance program. They ensure that all entities within their remit implement the program. Country Compliance Committees track the deployment and management of compliance programs locally.

Focus: Legrand proactive in implementing the new French regulatory requirements on preventing breaches of integrity.

In the interests of ongoing improvement and risk management, the Group's compliance program takes into account the requirements on the prevention of corruption and influence peddling under the French Sapin II Law (Law No. 2016-1691 of December 9, 2016).

These requirements strengthen Legrand's existing processes, particularly by segmenting the Group's compliance risk map by geographic area, and by assessing third parties and their position in relation to major risks.

The measures implemented are subject to control and internal assessment.

4.3.1.1 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 employees likely to encounter risk situations have a sound knowledge of the rules on business ethics. It also means reducing the likelihood of an infringement of competition law or anti-corruption, anti-money laundering or export control laws, in all Group entities and subsidiaries. Any breach of the Group's ethical principles by an employee gives rise to a detailed analysis and, if applicable, to sanctions.

Group priority 2014-2018

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

Key performance indicator: the number of employees trained in business ethics during the year.

Annual targets:

	2014	2015	2016	2017	2018
Total number of employees trained in business ethics*	400	900	1,500	2,200	3,000

* *Numbers provided for the roadmap period and thus not taking into account employees trained prior to 2014.*

2016 achievement:

In 2016, an extra 501 people received training in business ethics, in addition to the 1,783 people trained in 2014 and 2015. This gives a total of 2,284 people, against a cumulative target of 1,500 at the end of 2016 (these 2,284 employees are added to the 2,500 employees who received training prior to 2014). As a result of this training, the achievement rate for this priority is 152%. Since 2015, the Group's subsidiaries have also arranged local training – in addition to the online courses offered by the Group – to make the process of training in business ethics even more efficient. More than 8,000 employees have received training in 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.

	2014	2015	2016	2017	2018
Target achievement rate *	273%	198%	152%		

* *Calculated against annual targets.*

Awareness-raising measures

Specific instructions were conveyed to the Group's country chief financial officers or Compliance Officers via intranet and webcasts in order to 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 representatives, 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.

In addition to this training, communication tools (practical guides, presentations) are available for employees and compliance officers to facilitate their actions in the field of business ethics. Some of these guides can be found on the 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. In 2016, new procedures for gifts, entertainment and conflicts of interest were drawn up locally. Other measures may be used depending on the various requirements and environments, particularly via specific interventions at Executive Committee and business 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 and webzine so that all Group subsidiaries can be engaged in the fight against corruption and the promotion of ethical conduct. For example, the videos uploaded to the Group's intranet show the best practices deployed in the subsidiaries.

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 employees 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 and fraud whistleblowing system

In the event of non-compliance with ethics rules relating to the public interest, to individuals or to the company, each Group employee and all external stakeholders can alert Legrand via the generic email address ethics.legrand@legrandelectric.com. Alerts are received by the Group Compliance Officer and the Group Director of Human Resources, and are dealt with by the Group's Fraud and Alerts Committee. Strict confidentiality is maintained outside this Committee. As stated in the Group's Charter of Fundamental Principles, Legrand protects the whistleblower against reprisals. The Group's whistleblowing system for ethics and fraud has been notified to the French data protection authority (CNIL).

In 2016, eight ethics alerts were reported to the Group. None of these alerts represented a significant risk. They were examined and handled in accordance with Group principles as detailed in the Charter of Fundamental Principles.

4.3.1.2 VERIFYING THE APPLICATION OF THE GROUP'S COMPLIANCE PROGRAM

The Group's compliance program covers all aspects of business ethics: compliance with competition rules, the application of best business practices (particularly on anti-corruption), the prevention of conflicts of interest and management of fraud risks, the observation of international embargoes and sanctions, and the prevention of money laundering and terrorist financing.

This program is organized around five principles:

- a strong commitment from the Group's General Management, relayed by local divisions by signing a letter pledging to comply with the rules on business ethics. The program translates into local action plans based on the priorities set and a specific communication plan; the Country Compliance Officers are responsible for overseeing the program and report to the Country Compliance Committees on the progress of the actions;
- a Group risk analysis methodology: the risks relating to business ethics have been defined and are the subject of an annual self-assessment by the Group's various countries and entities as part of the internal control process;
- clear control mechanisms and policies have been defined for the four areas of the compliance program. These must be applied locally and meet the Group's requirements. They are supplemented by practical guides tailored to the local context and designed to define the Group's rules and tools (e.g. do's and don'ts). Audits are performed to identify inappropriate practices. These might concern registers of guests and expenses, purchasing processes, or agreements with business partners, for example;
- training and communication actions: a communication plan promotes the program, while the Group's messages and tools are translated into the local language and disseminated among employees. The employees concerned receive training from the Group (on e-learning, competition or webcasting, for example) (please refer to section 4.3.1.1.
- an approach for internal audit, for implementing action plans in response to the risks identified, and for continuous progress. Compliance tests and audits are conducted within the various entities through a verifiable and traceable process. 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

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

Key performance indicator: rate of implementation of the compliance program.

Annual targets:

	2014	2015	2016	2017	2018
Rate of implementation of the compliance program to be achieved for subsidiaries:					
■ most exposed and most significant	70%	90%	90%	100%	100%
■ others	50%	70%	80%	90%	100%

2016 achievement:

At the end of 2016, implementation rates for the compliance program were 90% for the Group's eight largest entities (in line with the target for 2016) and 90% for all other reporting scopes (against a target of 80% by the end of 2016). Deployment and monitoring will continue over the next few years to confirm that the compliance program is being implemented on schedule.

	2014	2015	2016	2017	2018
Target achievement rate *	110%	105%	107%		

* *Calculated as the average achievement rates observed in Legrand's two groups of subsidiaries compared with annual targets.*

Compliance program coordination and monitoring

Coordination of this compliance program is entrusted to an internal, multidisciplinary committee, the Group Compliance Committee that meets quarterly under the supervision of the Group's Legal and Compliance Department. Its two main tasks consist of defining core areas of concern, and monitoring the results of these actions. Cases of non-compliance may also be referred to this committee. 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 3 – 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 specifically concern the subject of compliance program deployment (see section 3.6.2 of this Registration Document for more details of the Group's internal control approach).

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

All of these checks are reviewed annually by the Internal Audit Department. Some of these controls are reviewed annually as part of a self-assessment exercise, and then checked by internal audit. At end 2016, 86 entities had been assessed, representing 90% of the Group's sales.

In addition to the procedure described above, joint audits between the Internal Audit Department and Legal and Compliance Department may be conducted in the Group's subsidiaries considered to be most at risk of 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.

Focus: Every country Director has signed a letter of commitment pledging support for the compliance program

Since June 2015 the Directors of all Group subsidiaries and functional departments have signed a letter of commitment to the compliance program. They reaffirm their deep commitment to local deployment of the program's actions, thus ensuring that the right messages are conveyed within the organization. This letter is published on the local intranet of each subsidiary and department or SBUs.

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 on business ethics, except for the case concerning the implementation of the UN Oil-for-Food Programme, in respect of which a Group subsidiary was acquitted by a trial court in June 2015. In these last two matters, no major financial or non-financial sanctions have been applied to the Group.

The compliance program set up by the Group and described above is a tool aimed at preventing the occurrence of such risks.

A total of 16 cases of fraud or attempted fraud outside the Group were recorded in 2016. 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.

Focus: Legrand Group compliance program recognized by Les Échos Business

The Legrand Group compliance program was hailed by *Les Échos Business*, the leading French financial newspaper, in 2015 and again in December 2016, when the Group's Executive VP Legal Affairs was quoted as saying that it is important to "remain focused and responsive in an area that is constantly changing, to keep pace with regulations and technological and societal developments such as transparency and ethics". Education and communication are the key aspects of this program, which covers all Group employees. It owes part of its success to subsidiaries such as Chile, with its communications policy and its motto "Transparency is our identity"; Italy, with its "camera compliance" videos featuring some of the risks that employees may encounter; Switzerland and New Zealand with compliance quizzes on conflicts of interest, and gifts and hospitality; Colombia with its external communication campaign "Buzon Etico", about its whistleblowing system.

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

4.3.2 - Ensuring responsible purchasing

Fundamental principles and organization

Faced with market globalization, Legrand works with suppliers that have potentially different social and environmental practices.

The **Group Purchasing Policy** establishes the principles of sustainable, balanced and mutually beneficial relations with suppliers that uphold Legrand's values.

Legrand's **responsible purchasing strategy** is based on the principle that the Group's ethical, environmental and social rules also apply to its suppliers and subcontractors, who are selected and managed in accordance with those rules. As such, Legrand expects its suppliers to adhere to the same standards of responsibility as it does. For example, because Legrand is a member of the Global Compact, the Group's suppliers are also encouraged to respect the Global Compact's principles. Nearly 60% of purchases from the Group's panel are from suppliers that embrace these principles.

Overseen by a matrix-type Purchasing Department, which is ISO 9001 certified, the Group's purchasing policy is implemented worldwide by the purchasing function present in each of the Group's entities, maintaining proximity with internal customers, departments and Strategic Business Units (SBUs). A sustainable purchasing manager within the Purchasing Department is responsible for monitoring and implementing responsible purchasing rules.

Focus: Legrand is awarded Responsible Supplier Relations certification

In 2009, Legrand – through the CDAF (French National Purchasing Council) – helped draft the Ten Commitments for Sustainable Purchasing Charter. It was one of the first signatories of this charter, which later became the Responsible Supplier Relations Charter. In 2012, Legrand was one of the first four companies in France to receive this certification, which was renewed at the end of 2016. It confirms Legrand's commitment to responsible purchasing practices with its suppliers, a process in which it was rated as having a very good level of performance by the firm ASEA, which performed the audit. Since 2015, Legrand has been an ambassador for this certification, sharing best practices at events held in the Nouvelle-Aquitaine region. It also takes part in working groups for the community of accredited firms, such as the working group on Actively Listening to Suppliers.

The Group Purchasing Department uses an ISO 9001-certified Quality Management System (QMS) to phase in the requirements of the Group's CSR strategy and manage supplier relations in all Group purchasing departments. In 2014 and 2015, key procedures such as contracting, approval and supplier risk management were updated and continued to be rolled out internationally in 2016.

The Group Purchasing Department produces reports on the amounts of purchases by supplier and by purchasing category. Group purchases of raw materials and components represent around 32% of its sales. All purchases are made with two main types of suppliers:

- Group suppliers, who, as major players in their market and key Legrand partners, support the Group in its international projects. Corporate buyers, Lead Quality Specialists and users establish a close, privileged and sustainable relationship with them. In 2015, the panel of Group suppliers was altered to reflect the needs of the SBUs. At the end of 2016, the Group was working with 510 Group suppliers satisfying multi-site and multi-country needs and accounting for around 30% of the Group's total purchases;
- local suppliers who meet the specific needs of a site or Strategic Business Unit (SBU) and are managed by buyers at the sites or SBUs concerned.

Supporting the Group's suppliers in making improvements

This concerns all of the Group's suppliers and subcontractors. The priority is to identify suppliers who pose a higher risk and to assist them with making ongoing improvements to their environmental, social and societal performance.

Group priority 2014-2018

To support 100% of higher-risk suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics.

Key performance indicator: conducting the overall risk analysis (2014); percentage of suppliers with CSR risks covered by adequate action plans (from 2015 onwards).

Annual targets:

	2014	2015	2016	2017	2018
Support for suppliers presenting risks	100% identified	25%	50%	75%	100%

2016 achievement:

The CSR risk analysis carried out in 2014 made it possible to establish the baseline and list of action plans to be implemented. It is refined as and when the procedure is rolled out. At the end of 2016, 253 suppliers with potential CSR risks had been identified. In all, 166 action plans have been launched in 10 countries: the United States, France, Italy, India, China, Brazil, Russia, Turkey, Colombia and Poland, i.e. the Group's major countries. These countries represent more than 80% of the Group's purchases. Each has appointed a local representative to monitor actions relating to the responsible purchasing policy, in line with the Group's strategy adopted by the Purchasing Department. For 2016, approximately 66% of higher risk suppliers are covered by an action plan, versus a target of 50%. The results of the action plans are monitored in an intranet database shared by all purchasing departments and audited by the Group Purchasing Department. This represents one of the key performance indicators for responsible purchasing within each entity.

	2014	2015	2016	2017	2018
Target achievement rate *	100%	124%	131%		

Calculated against annual targets.

Involving and training buyers

Parties involved in supplier relations, buyers, quality controllers and designers apply the principles of the CSR strategy through procurement procedures. One of the commitments of the purchasing policy is skills development for all stakeholders within the purchasing function. The induction module for new buyers includes a specific section on CSR with, in particular, an introduction to the code of ethics and key deliverables and procedures. In 2016, the purchasing code of ethics in France was renamed the Ethical Supplier Relationship Code. It was updated to reflect changes in procedures under the compliance program, and to set out the rules of responsible relations with suppliers in accordance with the commitments of the Responsible Supplier Relations Label. A total of 88 people (buyers, assistants, purchasing support roles) were trained in changes in the Ethical Supplier Relations Code in the second half of 2016. Since 2015, under the CSR roadmap, 10 countries have been trained in the detection and monitoring of suppliers at risk in terms of CSR and in the management of the corresponding action plans.

Focus on France: How to contribute to value creation in the ecosystem? Purchasing Open Minded (POM) training

To give buyers advanced levers for creating value within the projects they manage, and to incorporate suppliers' innovations, POM training was introduced with the support of an external service provider. In 2016, about 20 buyers completed this training. For example, one of the projects offered as part of this training consisted of coming up with a solution for UPS battery replacement that would satisfy Legrand's customers, based on a collaborative approach between a supplier and Legrand's sales teams.

Including a CSR dimension for supplier selection and monitoring

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 containing Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and standards in force for both environmental and social matters. The document includes the ten Global Compact principles;
- General Purchasing Conditions, which include a supplier mediation process in the event of a dispute, 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;

- the operational stages of supplier selection, the extent of which depends on the issue, risk, purchasing group and type of supplier, regardless of location. Each of these stages (approval, contracting, visits and audits, and risk and incident management) thus include customized Group rules on responsible procurement:
  - **approval:** approval ensures that the supplier meets all the required criteria, such as technical capability, quality, logistics, organization, financial assessment, and observance of the Group's compliance and social responsibility criteria. This process includes a supplier self-assessment questionnaire, followed by a documentary audit for the required items, followed by an on-site audit if necessary. Non-negotiable rules are established at an early stage in the approval process. These include, for example: not employing children under the age of 15 in accordance with ILO (International Labor Organization) rules, as well as compliance regulations to prevent the risk of fraud or conflicts of interest, for example.

    The approval process may enable the identification of suppliers at risk in terms of CSR, which applies mainly to the outsourcing of surface processing (involving the use of chemical products) and to the level of dependence on Legrand. Once detected, the CSR documentary audit requires specific evidence relating to: the environmental aspects, such as verification of the authorizations required to conduct the business; workplace health and safety, such as an analysis of the operating risks); and social, including compliance with the ILO's eight Fundamental Conventions. Documentary evidence relating to regulations such as RoHS and REACH, for example, are also required for the approval of suppliers subject to these types of regulations. A document management tool is used to compile the supplier's documents and certificates thus collected.
  - **contracting:** the rules on the drafting and approval of Group and local contracts concern all Group units and are part of the financial procedures; in addition, supplier contracts shall contain a paragraph on the supplier's corporate social responsibility.
  - **visits and audits:** suppliers are visited regularly to review technical questions, to monitor the quality of the manufacturing processes and products, and also to examine the environmental, social or logistical aspects. In order to be approved, the Group's accredited suppliers for raw materials and components are systematically audited, on site, by corporate buyers and quality professionals based on criteria incorporating aspects relating to the organization, ethics, the environment and risk management.

    As part of the implementation of the CSR roadmap and after the CSR documentary audit, the evidence to be obtained on the production sites of suppliers at risk in terms of CSR was refined in 2016, particularly with regard to such aspects as: health and safety in the workplace, the identification of

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individual and shared protective equipment and their use by employees, and awareness of environmentally safe waste treatment. To calibrate Legrand's CSR audit methodology, a dozen or so vulnerable suppliers will be audited by an outside firm applying the SMETA 4-pillars standard social audit methodology.

- **risk and incident management:** supplier risk analysis is carried out every year by all the buyers. The supporting analysis grid includes around a dozen criteria and is reviewed at the beginning of each year for any necessary changes. It identifies suppliers that expose the Group to CSR risk, particularly those that are dependent on Legrand. The results are presented every six months to the Group Risk Committee (for more information on the Risk Committee, please refer to section 6.1.3 of this Registration Document). The results of the risk analysis are consolidated by the purchasing quality manager. In 2015 and 2016, all Group production units with their own purchasing department conducted this analysis, covering some 50 production units in 29 countries. To entrench the risk management of suppliers at risk in terms of CSR, the annual risk analysis is accompanied by a specific detection and monitoring methodology. This methodology is being rolled out progressively to the Group's international entities. Action plans are drawn up for all at risk suppliers, managed by the local purchasing team and monitored in a database shared by all purchasing departments, which is available on the Purchasing Department intranet and controlled by the heads of purchasing quality and sustainable purchasing. The most critical situations are reviewed monthly by the purchases Management Committee. In addition, a central report is periodically prepared on supplier failure by the purchasing performance controller.

For 2016, the results of this analysis of suppliers at risk in terms of CSR were as follows:

- 253 suppliers considered exposed to CSR risks were identified for the Group. Of these, 52 need to be refined with the entities as and when they are involved in the process. These suppliers account for about 7% of the total amount of Group purchases;
- 10 countries are currently involved in the process (see above);
- a total of 201 at-risk suppliers in these countries have been added to the shared database. At present, 166 of them are covered by an action plan, which always starts with a documentary audit. In 2016, this documentary audit was supplemented by a scoring system that determines when the supplier will be audited on the CSR aspects. In the last quarter of 2016, for example, some 20 CSR audits were conducted on suppliers at risk, by local purchasing teams, particularly in China, India and Turkey. This is largely a case of maintaining the relationship with the supplier concerned, but as part of a progress and monitoring program devised by affected stakeholders (buyers, internal customers, etc.). In extreme cases, particularly where a supplier has not sought to make any improvements, it may be phased out of the supplier portfolio. In 2015, two cases resulted in a plan for withdrawal and removal from the Group's supplier portfolio. In 2016, two suppliers were found to be critical: one refused to make any improvements and left the supplier portfolio; the other has already put in place an action plan, managed by a local buyer with the Group's support and under its control.

The list of suppliers identified as exposing the Group to CSR risks may change depending on discussions with the Group's subsidiaries and as action plans are refined.

Management of hazardous substances

Questions relating to hazardous substances and the eco-design capability of suppliers are covered in the supplier CSR evaluation questionnaire. The Registration, Evaluation, Authorization and restriction of Chemicals Regulation (or REACH Regulation) and Directive 2002/95/EC on the Restriction of Hazardous Substances (or the RoHS Directive) are specifically mentioned during the supplier evaluation operational stages referred to above; and suppliers must, for example, disclose whether the substances identified in the RoHS Directive are present in the products that they supply to the Group.

Suppliers of raw materials, particularly plastics, are also encouraged to send their material safety data sheets (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.

Conflict minerals

In a number of countries around the world but especially in the Democratic Republic of Congo and neighboring countries, the extraction and trade of certain minerals funds armed groups, conflicts and crimes against the population. The main minerals concerned, known as "conflict minerals", are cassiterite (tin ore), coltan (tantalum ore), wolframite (tungsten ore) and gold. Given the nature of its business, Legrand is never in a position where it has to purchase directly any minerals in their primary form, so these minerals have little impact on it. However, as a responsible actor, Legrand supports OECD initiatives by following the guidance contained in the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and is gradually developing a strategy to identify and assess the risks associated with its supply chain:

- as a downstream company, Legrand works with its most exposed suppliers (mainly suppliers of electrical contacts, welding, tin-plating and bronze components) to ensure that the metals used originate from sources that are free from conflict minerals. To date, the investigations carried out have confirmed that conflict-free sources are used;
- however, if Legrand were to identify a supplier that uses metals derived from conflict minerals, the Group would immediately take the necessary action to address this.

This position was confirmed in November 2015 with the publication of Legrand's Conflict Minerals Policy, signed by the Group Procurement Director.

In addition, the 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.

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

4.3.3 - Enabling access to electricity for all

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

This responsibility is 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 specific partnership between the Group and *Électriciens sans frontières* NGO on development aid and emergency aid;
- the Legrand Foundation for independent living, under the aegis of the *Fondation Agir Contre l'Exclusion* (FACE), a registered non-profit organization;
- local initiatives by Group subsidiaries, tailored according to local needs.

The total budget allocated to charitable activities amounted to about €1,927,000 in 2016, consisting of donations of funds, equipment, premises and skills. These initiatives are accompanied by voluntary work by Group employees.

4.3.3.1 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, the supply of equipment, the provision of premises, and by the involvement of Group employees who offer their personal or professional skills and become directly involved on the ground, or by providing training or technical support.

Group priority 2014-2018

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

Key performance indicator: number of people with direct or indirect access to electricity under the partnership with *Électriciens sans frontières*.

Annual targets:

	2014	2015	2016	2017	2018
Total beneficiaries of electricity supply schemes*	160,000	320,000	480,000	640,000	800,000

* *Numbers provided for the roadmap period and thus not taking into account beneficiaries prior to 2014.*

2016 achievement:

In 2016, joint action with *Électriciens sans frontières* enabled 200,000(1) people to benefit directly or indirectly from access to power, which takes the number of beneficiaries to 1.8 million since 2007.

	2014	2015	2016	2017	2018
Target achievement rate *	141%	167%	153%		

* *Calculated against annual targets.*

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 up 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 action by *Électriciens sans frontières* in more than 150 electricity access or emergency aid projects in Africa, Asia and Latin America, which represents action in about 30 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 and Vietnam).

In 2016, Legrand continued to support *Électriciens sans frontières* through 20 projects in 13 countries in Africa, Asia and South America. These included the provision of secure, reliable access to electricity for a multifunctional platform catering for entrepreneurs from sectors as diverse as: weaving, dressmaking, soap-making and carpentry in Haute Sanaga Nsem in Cameroon; electrification of remote villages in the Phongsaly region of Laos; and supplying power to clinics, schools and hospitals in the provinces of Savalou and Natitingou, in Benin. Each project led by *Électriciens sans frontières* is accompanied by training for the people who will be responsible locally for maintaining the new facilities.

The Group's partnership with *Électriciens sans frontières* relies particularly on the sales teams of the Group's French brands, who take action to raise money for the "Electricity for Health and Education in Africa" program. Numerous initiatives have been organized by the teams in support of these programs, including commercial transactions, with the Product Sharing sale of products (where part of the price goes 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, in Haiti, a craft fair. All the proceeds go to *Électriciens sans frontières*. This has helped to pay for electrification projects in schools and clinics, mainly in Burkina Faso, Togo, Senegal and Madagascar. In 2016, six operations were organized involving some 900 people from Legrand's sales teams, and from the Group's distributors and installers.

On the occasion of the 30th anniversary of *Électriciens sans frontières* in 2016, Legrand partnered the NGO at events such as the *Nuit Blanche* all-night art festival in Paris and the Festival of Lights in Lyon, thanks to the skills-based sponsorship by its employees. Legrand's employees were also encouraged to participate in digital events throughout the year. Whenever an employee took part in one of these digital events, the Group made a matching donation to *Électriciens sans frontières*.

Électriciens sans frontières has exported its model across Europe with the aim of empowering people to fight global energy poverty and to galvanize the European energy sector. Legrand's Italian subsidiary signed a partnership agreement with *Elettrici senza frontiere,* the new NGO, when it was set up in November 2015. The partnership has already embarked on a joint project in Kenya to supply power and water to Ilkiremisho and Purko, two Masai villages 250 km northwest of Nairobi.

Group subsidiaries provide logistical and organizational support to volunteers working for *Électriciens sans frontières* whenever possible. This may take the form of delivering equipment or loaning premises for training. For example, in 2013 Legrand's subsidiary in the Philippines provided equipment and logistical support to *Électriciens sans frontières* to support its efforts following typhoon Haiyan, which devastated the archipelago in early November. In 2015, after cyclone Pam, Legrand's teams in Australia, New Zealand and New Caledonia arranged for a team of three volunteers from *Électriciens sans frontières*

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

to visit Tanna Island, in Vanuatu. They assisted them with choosing equipment, arranging transportation and completing administrative procedures, as well as putting them in touch with local electricians.

Focus: *Électriciens sans frontières*, a leader in access to electricity

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

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 led by Legrand's Director of CSR. It brings together internal and external stakeholders, from the Group's employees to development aid organizations.

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

- **to enable access to electricity**, through aid partnerships such as the one with *Électriciens sans frontières*, and exploratory research missions carried out on a collaborative basis;
- **to combat energy poverty**, with a 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 at www.legrand.com.

Focus: Telemedicine in India

In a country where 300 million people lack access to electricity, Legrand provides telemedicine devices for remote village communities. This equipment makes it possible for a nurse to perform a pre-diagnosis of the patient and upload the data to the nearest regional hospital, often many miles away. To optimize patient access to care, two pilots are currently being tested before the scheme is extended. Unprecedented in this type of situation, this exemplary initiative is, for Legrand, an example of a successful partnership between its local teams in India and NEAT, the Group's Spanish subsidiary specializing in assisted living products. To date, some 30 terminals have been installed as part of the initial pilot phase.

4.3.3.2 COMBATING EXCLUSION AND TO GAIN INDEPENDENCE

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

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

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

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

Group priority 2014-2018

To ensure the widest possible access to the initiatives of the Legrand Foundation.

Key performance indicator: number and type of projects carried out by the Legrand Foundation.

Annual targets:

To implement at least one project in each of the Foundation's four action areas during the whole time-span of the roadmap.

2016 achievement:

	2014	2015	2016	2017	2018
Target achievement rate *	100%	100%	100%		

* *Calculated against annual targets.*

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 1.6 million dependent people in France. The country has an ageing population: by 2040, 31% of French people will be over 60 and 7% will be over 85. Moreover, 80% of French people want to stay in their own home for as long as possible but not everyone has the means to adapt their home to compensate for a loss of independence (sources: INSEE, Demographic Studies and Surveys division).

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

Electricity poverty: combating electrical risk and improving energy efficiency

Electricity poverty is becoming a major issue for society. According to recent estimates, about 5 million households are now living in energy poverty in France, and 3.8 million households spend more than 10% of their budget on energy. On the other hand, because the age and malfunctioning of electrical systems in individual or collective housing presents safety risks: 7 million dwellings in France have a potential electrical risk, while 30% of fires recorded in France have an electrical cause (source: ONPE, 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 help these young people and make them more employable.

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

Employment: supporting access to employment

Access to employment is becoming a concern for the whole of society. For all sections of the population, the average time taken to find a job or return to employment is 384 days (source: *Pôle Emploi*, Research and Studies Department). The issue is even more crucial for certain groups, for example when embarking on a career or for those who are discriminated against when looking for work. The unemployment rate among under-25s is approximately 24%. And the level of temporary or casual employment among under-25s is higher than 50% (source: OECD and *Observatoire des inégalités*).

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

Organization

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

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 5,250 companies, both large corporations and SMEs, and has become the leading network of companies in France to focus on CSR, integration, education, and access to services.

In keeping with its strategy of proximity, the FACE Foundation is opening new offices every year (72 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.

4.4 - COMMITMENT TO OUR EMPLOYEES

With more than 32,700 employees worldwide and sales and production sites in more than 90 countries, Legrand pursues its business development with particular attention to the working conditions of its employees and its social responsibilities.

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

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

- managing the human resources of the various entities, taking into account the issues and 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. In addition, an HR manager responsible for social issues is given specific responsibility for:

- the deployment of HR actions and priorities contained in the Group's CSR roadmap;
- ensuring a functional link with the Group's CSR Department;
- being the sole point of contact for all HR departments within the subsidiaries with the Group on HR topics associated with Legrand's CSR commitments.

The Group's commitment to its employees is reflected in the priorities of the roadmap, as described below, and it aims to be agile in its approach. With this in mind, in late 2016 the Group decided to define a standard for the social benefits of its employees. This standard will be rolled out to subsidiaries over the next few years.

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

4.4.1 - Respecting Human Rights

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

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

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

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

In all its host countries, Legrand is committed to the progress of rights and to ensuring a legal and human framework for the workplace, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in 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 4.3.2 of this Registration Document.

Human Rights matters are jointly led by the CSR Department and the Human Resources Department.

Group priority 2014-2018

To map and annually assess workforce exposure to the risk of Human Rights violations in the workplace and deploy measures for improvement as appropriate.

Key performance indicators:

- coverage of Group employees assessed for potential Human Rights violations;
- ongoing remedial action.

Annual targets:

	2014	2015	2016	2017	2018
Evaluation of the exposed workforce	50%	75%	100%	100%	100%
Progress actions identified and taken		100%	100%	100%	100%

2016 achievement:

At the end of 2016, an assessment of the risk of Human Rights violations was carried out on all the Group's workforce deemed to be exposed to these risks by including new geographical regions compared with the scope originally defined in 2013 (see below). In addition, all selected remedial actions have effectively been undertaken in line with the target.

	2014	2015	2016	2017	2018
Target achievement rate *	100%	108%	100%		

* *Calculated against annual targets.*

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 2016, 67% of the Group's workforce was based in "free" countries. A total of 33% of employees are based in countries that are either "not free" or "partially free".

A self-assessment accompanied by a debrief with the HR manager responsible for social challenges, based on the methodology of the Danish Institute For Human Rights, is gradually being rolled out in the Group's countries considered as being not free or only partially free, according to this methodology. Until 2015, priority was given to countries with a workforce of over 50 people, namely: Saudi Arabia, China, Colombia, United Arab Emirates, Egypt, Hong-Kong, India, Indonesia, Malaysia, Mexico, Russia, Thailand, Turkey and Venezuela. From 2016, all the countries identified using the methodology referred to above will be included in the assessment process, whatever the number of their employees. Consequently, seven new countries have been added to the list to be assessed: Algeria, Kazakhstan, Morocco, Singapore, Philippines, South Korea and Ukraine.

The aim of these self-assessments is to estimate compliance with fundamental rights at work in the countries identified. The questionnaires sent out confirmed that neither forced labor nor child labor situations, as defined by ILO conventions, were present within the Group entities analyzed.

This also helps to identify areas of progress for existing Group practices that had not been fully deployed, particularly certain HR processes such as job descriptions and guidance on employment contracts. Action plans have been initiated on these topics. Finally, following its global awareness-raising campaign in 2015, the Group implemented in 2016 a new targeted action on the subject of non-discrimination. The objective of this action, implemented by managers and the heads of human resources, is to tackle stereotyping and encourage the hiring of women for technical and skilled positions.

Focus: Legrand continues its commitment to Human Rights

In late 2016, Legrand joined the French association *Entreprises pour les Droits de l'Homme* (EDH) to further its progressive moves in this area. EDH acts as a forum for discussion, initiatives and proposals for international firms, so that Human Rights become an integral part of business policies and practices.

Union representation and social dialogue

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

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

At European level, as part of the Legrand Group's European Works Council (EWC), an amendment to the EWC agreement of 2013 was signed by the representatives of the different countries. The purpose of the amendment is to improve how the institution functions, notably by developing relations with the Council's bureau and by providing it with additional resources.

Improving social dialogue involves creating bonds and trust within employee-representative bodies both at the country level, through information meetings, consultations or negotiations that might lead to the signature of a national agreement, and at the regional level, through the European Works Council, for example. As a result, in 2016:

- 88% of Group workforce are employed in entities in which there is an employee representative body and/or a union;
- 52% of Group employees were covered by collective agreements or agreements applicable to their entity;
- 1,179 information or consultation meetings with employee representative bodies or unions were held in 2016;
- 176 new collective agreements were signed in 2016, covering 15,139 people within the Group in both the mature countries and the new economies. The agreements essentially cover pay and working conditions.

In terms of health and safety, further to the agreement on managerial best practice in France, negotiations are underway on the Quality of Life at Work. In Italy, an agreement was signed on workplace harassment and abuse.

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

4.4.2 - Guaranteeing occupational health and safety

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

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

The prevention policy is coordinated and implemented by Occupational Health & Safety & HR Corporate Social Responsibility (SST & HR CSR), which is part of the Human Resources department. It is supported by a network of Occupational Health & Safety officers at the various sites and by prevention managers within the Group's SBUs (Strategic Business Units). Delegations of authority, or equivalent mechanisms, are established to formalize the responsibility of the managers of each Group entity, especially when it comes to the prevention of occupational risks. Job descriptions are worded to ensure that occupational health and safety is recognized as the responsibility of all employees, whatever their rank and position.

In addition, occupational health and safety and the associated metrics are included in the measurement of the operational performance of the Group's industrial sites and SBUs. They are the subject of a quarterly review with the Group's General Management. This topic is also routinely covered in annual budget presentations of the Group's various subsidiaries and SBUs.

The Group establishes directives and benchmarks appropriate to its 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 (deployed only in France), which requires that purchasing contracts contain clauses to ensure that newly acquired machinery complies with all applicable legal provisions, and that a compliance inspection be conducted each time equipment is moved. The directive also defines rules that must be respected to ensure proper maintenance of machinery in use.

4.4.2.1 CONTROLLING OCCUPATIONAL RISK

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

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

Subsidiaries must fulfill at least six of the eight of the above-listed criteria in order to claim a level of implementation deemed to be satisfactory.

Group priority 2014-2018

To extend and maintain an occupational risk management plan covering 90% of the Group's workforce.

Key performance indicator: percentage of employees covered by the occupational risk management plan based on the key principles of ILO-OSH 2001.

Annual targets:

To ensure that 90% of the Group's workforce are covered by the occupational risk management plan for the entire duration of the roadmap.

2016 achievement:

At the end of 2016, the occupational risk management plan covered 90% of the Group's workforce included in the Occupational Health & Safety report, in line with the target set at the end of 2016. These results are mainly due to closer supervision of Group entities, their increased engagement with CSR, and reliability of the associated actions and indicators.

	2014	2015	2016	2017	2018
Target achievement rate *	106%	100%	100%		

* *Calculated against annual targets.*

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 employees' health and safety at work. The Charter is promoted by the managers of each entity. It has been widely circulated to employees and is available on the intranet in six languages. It is also available on the website (www.legrand.com/EN).

Depending on the country and size of the sites, **occupational health and safety management** is the responsibility of HR or another designated department.

Many countries have **health and safety committees** (employee representative bodies) on the initiative of Senior Management in each country and in accordance with local laws. The Group is gradually broadening this principle of employee representation to countries where it is not required under local law. Employees and their representatives belonging to these committees have the time and resources to actively participate in their entity's health and safety processes and initiatives, specifically through discussion on all relevant aspects of occupational health and safety, including emergency measures.

Occupational risk assessment (periodic analysis of hazardous situations and levels of risk) enables appropriate and effective prevention measures to be established. In 2016, 71% of Group employees (including production, administrative and logistics workers) underwent a formal risk assessment, either using tools specific to the entity in question, or using a shared tool offered by the Group and tailored to its line of business.

Emergency management enables potential accidents and emergency situations to be identified and the risks that result from them to be prevented, as well as the implementation of appropriate measures to safeguard people and property (information, training, coordination, communication with the relevant authorities, local responders and emergency services, first aid and medical assistance, fire-fighting and evacuation methods, and so on).

Health and safety training concerns the prevention of risks in the workplace. It may be supplemented by **first-aid and fire-prevention training.** This training improves staff preparedness against risks to their health and safety, particularly by identifying hazardous situations, assessing risk levels and implementing measures to prevent risk, safeguard people and property, and respond to emergencies. Nearly 90,000 hours of training were devoted to these subjects in 2016.

Formal and procedures have been implemented and are updated to ensure that risks are prevented when independent companies are working on site, (communication, coordination, information, training, and supervision before and during the work). Workplace health and safety criteria are included in subcontractor evaluation and selection procedures. Any work-related accidents on site involving contractors' workers are recorded.

Focus: 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.

4.4.2.2 MONITORING AND IMPROVING HEALTH AND SAFETY AT WORK

The purpose of monitoring the effectiveness of prevention measures and implementing a progress process is to improve the health and safety data (workplace accidents and work-related illnesses).

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.

Each subsidiary has an objective to fulfill at least four of the above-listed six criteria before being able to claim that it has reached a satisfactory level of prevention.

Group priority 2014-2018

To implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce, with the objective of reducing the Group's workplace accident frequency rate by 20%.

Key performance indicators:

- percentage of workforce covered by the health and safety monitoring and improvement process based on ILO-OSH 2001;
- frequency of workplace accidents.

Annual targets:

	2014	2015	2016	2017	2018
Protect the Group's workforce by monitoring the workplace and improving health and safety at work	80%	90%	90%	90%	90%
Reduce the frequency of accidents in the workplace	8	7.7	7.2	6.7	6.7

2016 achievement:

At the end of 2016, the health and safety monitoring and improvement process covered 94% of the Group's workforce included in the Occupational Health & Safety report, exceeding the target set. The frequency of accidents at work has continued to fall by 27%, from 7.3 at the end of 2014 to 5.3 at the end of 2016. These positive results are mainly due to closer supervision of Group entities, their increased engagement with CSR, and greater reliability of the associated actions and indicators. It should be noted that the improvement in frequency rate was particularly significant in Italy.

	2014	2015	2016	2017	2018
Target achievement rate *	211%	235%	184%		

* *Calculated against annual targets*

Focus: Real-time accident reporting

In 2015, Legrand introduced real-time reporting of workplace accidents, which are reported directly to the Group Chairman & Chief Executive Officer. A monthly report for each geographical region and SBU presents the results by material elements and nature of injury. This report enables the Group's General Management and local management to monitor accident indicators more closely. This in turn helps to raise awareness of accident trend rates. As such, it is also a useful tool for managing trends and evaluating action plans.

The consolidation and monitoring of health and safety indicators demonstrates the commitment of the entire Group to improving the process of occupational risk prevention. It also seeks to guarantee the representative nature of the results reported.

Systematic analysis after an accident at work enables occupational risk prevention measures to be improved by identifying the causes of the accident and proposing what needs to be done to prevent a similar incident occurring in the future.

Periodic professional (para)medical interviews to monitor health are key to ensuring that the work does not have an adverse effect on the health of employees. It is also a requirement of ILO-OSH 2001. Some subsidiaries are carrying out specific actions in this regard. In Colombia, for example, the Group's subsidiary is actively committed to the health of its employees. It has instituted a program and a joint committee on occupational health (COPASO). It has introduced preventive occupational medicine and committees for health and industrial safety. Periodic health checks are carried out, as well as health awareness-raising and promotional campaigns.

Monitoring the legal and regulatory framework and strict compliance with applicable regulations are a requirement of the Group's prevention strategy. Regulatory monitoring is carried out by every country in which the Group has industrial operations.

A Group directive acts as the framework for **implementation of an initiative to prevent musculoskeletal disorders (MSD)**, the leading cause of occupational injury at Legrand. Crafted by a multidisciplinary working group composed of company doctors and Legrand employees representing a variety of positions (HR, production, manufacturing, accident prevention), the directive provides a screening method to identify situations that could potentially lead to MSD. It contains explanatory information on MSD which are specific to Legrand's activities. This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general all risk factors that increase the likelihood of MSD, from the development phase of new production or methods of working.

Sharing feedback and best accident-prevention practices at Group level is an effective part of Legrand's overall strategy to help prevent occupational risk in Group entities on an ongoing basis. This includes audits of, and/or improvements to, equipment, internal investigations or working groups focusing on occupational risk prevention, participation in exchange forums or other prevention-related conferences, measures to prevent emergency situations, and initiatives to reduce or eliminate risks.

Focus: BTICINO recognized for its occupational health campaign

The aim of the "APS-WHP, *Aziende Promuovono che la Salute*", a scheme sponsored by Lombardy Regional Authority and local health authorities in the province of Varese, is to prevent disease and foster a culture of health and well-being in the company by adopting a healthy lifestyle, both at home and at work. The scheme focuses on aspects such as nutrition, addiction (smoking, gambling, alcohol and drugs), exercise, social and personal welfare, road safety and long-term mobility.

For further information about occupational health and safety within the Group, please visit www.legrand.com/EN.

4.4.3 - Developing skills and promoting diversity

Legrand pays special attention to managing the talent of its employees. The Group is also committed to combating any form of discrimination by championing equal opportunities, ethnic representation, and the integration of people with disabilities.

4.4.3.1 SUPPORTING EMPLOYEE DEVELOPMENT BY TAKING INTO ACCOUNT THE GROUP'S CHALLENGES AND DEVELOPMENT

The Group's human resources management has to take into account the company's operational challenges and priorities so that it can match its needs to its resources as closely as possible. The goal is to advance the careers of the Group's employees, foster their commitment, attract talent and build loyalty. This will ensure that the Group will have the appropriate human resources to meet its future needs.

The HR management policy focuses on four key areas of action:

- roll-out of training programs;
- roll-out of talent-management processes;
- holding CAPP (Competency Appraisal Performance and Perspectives) meetings;
- manager retention within the Group.

It is managed by the Group's Human Resources Department, which ensures cross-sectoral management of human resources, particularly targeting key positions and resources, and relying on the local management in each country.

Group priority 2014-2018

Maintain a proactive approach to managing skills and talent.

Key performance indicators:

- percentage of employees attending one or more training courses;
- coverage of the Group's high-potential employees and specialists by a talent-management process;
- rate of completed CAPP (Competency Appraisal Performance and Perspectives) for managers;
- manager retention.

Annual targets:

For the entire duration of the roadmap: to train 75% of Group employees; to ensure that 90% of the Group's high-potential and specialist employees are covered by a talent-management process; to complete CAPP interviews for 90% of managers; keep the manager retention rate at 95%.

2016 achievement:

- 87% of employees attended one or more training courses during 2016;
- 93% of staff were covered by a review of high-potential and specialist employees through the Organization and Staffing Review (OSR) process;
- 88% of managers' CAPP interviews were completed in 2016;
- the manager-retention rate was 95% in 2016.

In 2016, the redesign of the OSR process, which resulted in underperformance in 2014 and 2015, was implemented, which explains achievement of the objective for this indicator and, more generally, for the priority as a whole. The percentage of employees having attended at least one training course has risen steadily to exceed the target of 75%.

	2014	2015	2016	2017	2018
Target achievement rate	71%	90%	104%		

Calculated in relation to the average achievement rate for the above four indicators, determined in relation to the annual targets. For both the CAPP achievement rate and the training rate, the actions taken with the persons who left the company during the year are taken into account. The rates are calculated for the workforce registered at the end of the period.

Roll-out of training programs

The Group's training commitments and policies are as follows:

- to pursue and maintain training programs that guarantee health, safety and well-being in the workplace and are proven to raise performance levels;
- to 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 2016, more than 468,000 hours of training were provided at Group level.

Training is provided every year to managers, who play a vital role in identifying priority needs, recommending the development of core competencies, and maintaining and developing the commitment of their employees.

Coaching programs help employees settle into new positions and also contribute to their personal development.

In 2016, the company decided to reinstate a Group Talent training program with the aim of developing and retaining key employees at all the subsidiaries. Its objectives are to strengthen their sense of belonging to the Group and to develop their networks and their leadership skills. This concerns employees in key operational areas who need to play a role as intermediary for the Group in their respective geographic regions.

Roll-out of a talent management process

The management of talent, i.e. employees with high potential who are capable of taking on responsibilities within the Group, is a major challenge for the Group. Currently implemented in the larger countries, it relies on various processes and tools such as:

- the Organization and Staffing Review (OSR) process;
- Prospective Employment and Skills Management ('GPEC' in France, or its equivalent in the other countries);
- staff mobility management.

In an ever-changing environment, the aim is to maintain these processes optimally in major subsidiaries, as well as deploying them in other countries, with entities that in most cases have no local HR structure.

In order to facilitate the harmonization of practices, HR teams use the same HR IT platform. This application helps to identify and develop talent, in particular by managing the data of Group employees (such as CVs, etc.).

The OSR process is designed to match the Company's organizational needs to its resources as closely as possible and on an ongoing basis. In particular, it handles:

- career development plans (prepared by employees and discussed with their managers);
- the identification of potential successors for certain key positions;
- development or mobility action plans;
- the impact of changes in strategy on jobs and on the organization;
- certain specific situations, such as employees with high potential or particular expertise.

Having redefined and implemented the new process during the early years of the roadmap, in 2016 the OSR process was applied across almost the entire Group (93% of staff).

Focus: France

The implementation of Prospective Employment and Skills Management (GPEC) and its guidelines on standard duties enables gaps to be identified in the skills required for each position and those of the person holding that position, and defines priority training needs. In France, GPEC is an integral part of the CAPP process. Internationally, subsidiaries use a simplified system for complying with local laws and practices.

The Prospective Employment and Skills Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment. The agreement also offers support to employees interested in external mobility – either to start their own business, take over an existing one, or switch careers – through business creation leave, flexible working hours, financing and advice. It has been renewed a number of times with supplemental agreements, most recently on September 24, 2014. Legrand is also a partner of the *Réseau Entreprendre Limousin et Haute-Vienne Initiatives* (Limousin and Haute-Vienne entrepreneurship network), which provides support for start-ups. As part of the Group's support for entrepreneurship, Legrand is a partner of APEC (the *Association pour l'Emploi des Cadres* – executive employment association).

Mobility management promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance. The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility. Group talents identified during the OSR process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

Legrand encourages staff members' mobility plans with support including visits to host sites, training that can cover intercultural skills in the case of a move to another country, and financial incentives. Thus, people in the *Volontariat International en Entreprise* (Volunteer for International Experience or 'VIE') program who work at the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Individual appraisal reviews for Group managers

Individual appraisal reviews, now known as CAPP (Competency Appraisal Performance and Perspectives) interviews are an important part of management and are essential for driving business performance. They enable Human Resources to focus on annual budgetary targets and to increase personal commitment by assessing performance, setting development action plans and taking into account wishes regarding functional or geographical mobility. These individual appraisal reviews are an opportunity for dialogue between the manager and the employee.

In 2016, 88% of the Group's managers had a CAPP interview, which involves a standard approach to the concepts of targets, performance, competencies and mobility. Countries are encouraged to develop this practice and the Group helps them set up, deploy or adapt the process. For example, countries deviating significantly from the Group standard have received specific assistance. More information about the process has been featured in internal communications.

Manager retention within the Group

Over and above talent management programs and a strong bias towards internal promotion, the Group also relies on its compensation policy to retain management. Legrand has had retention plans in place for almost 10 years. Under these plans, performance shares or bonuses are distributed, depending on the year. These are among the tools used to motivate and retain the Group's human capital. The awards are decided each year on the basis of the Group's overall past and future performance. A selection process approved by senior management seeks to identify the best-performing employees within all of the Group's subsidiaries who help to create value across the organization. In 2015, the categories of grantees and their geographical location were extended. The number of beneficiaries has thus doubled since the scheme was first implemented, and in 2016 covers more than 5% of the Group's workforce (about 1,700 people).

More than two-thirds of allotments are currently made to employees of international subsidiaries, while approximately 40% relate to the new economies. It is to be noted that starting in 2016 one third of the performance criteria for performance shares awarded under a three-year plan to the Chairman and Chief Executive Offi cer, to members of the Executive Committee and to key managers were indexed to the overall CSR performance, linked to the CSR roadmap.

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 Group's French entities are required to pay their employees a share of the profits once their after-tax profit reaches 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. In France, the profit-sharing agreements in effect were signed on June 17, 2015 by Legrand and its French subsidiaries. Total profit-sharing expenses for the year ended December 31, 2016 were €24.6 million, or 9.73% of the total payroll in France in 2016;
- collective retirement savings plan (PERCO): this scheme, in which the Company participates voluntarily, consists of a plan to enable employees, if they so choose, 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;
- the Employee Share Ownership Plan: in 2004, the Company and its French subsidiaries set up an employee share ownership plan (a *Plan d'Épargne d'Entreprise groupe Legrand*). In accordance with the law, this plan enables all employees who have been with the Group in France for more than three months to build savings through various investment funds (*Fonds Commun de Placement*) of their choice, managed by accredited institutions, during a lock-in period of five years. 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. The 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 2016, this return was 5.5%. On, December 31, 2016, employee investments in this fund totaled €53.1 million.

Employee well-being and satisfaction

As part of its efforts to improve the quality of life at work, in 2015 the Group Executive Committee ratified a charter comprising 15 commitments for a work/life balance. The charter was launched in October 2013 by the French Ministry of Women's Rights, City Affairs, Youth and Sport and the Observatory for Work/Life Balance and Parenthood. Its mission is to develop a flexible and open management culture, which is essential to adapt to the technological and sociological changes that regulate the life of the company. The main goal is to balance the private and professional life of all employees. These 15 commitments have been ratified by all members of the Executive Committee.

The well-being and satisfaction of the Group's employees are addressed through different processes:

- the CAPP interview (see section above), during which quality of life at work is discussed;
- internal audits in which labor relations are assessed (for example, absence of labor disputes or claims);
- periodic satisfaction surveys among employees at the Group's sites and subsidiaries, after specific events such as major organizational changes. For example, this was the case in Italy, Turkey, Hungary and the U.S.A. in recent years;
- surveys on specific projects, for example a poll to assess the level of employee satisfaction with communications sent on their smartphones, or a survey in Italy to measure participants' satisfaction with annual communication seminars.

Group also values the reinforcement of the communication sharing between employees through various internal tools:

- the Group intranet, which provides real-time information for all employees with access to a computer;
- the in-house magazine *Legrand Info*, which has a circulation of 15,000 and is published in five different languages;
- the internal corporate social network Yammer, which was launched in 2015 and has numerous community groups. This network is designed to facilitate knowledge transfer within the Group. Terminals have been set up in the manufacturing facilities to enable people without a PC to keep track of the Group's news;
- social media ("Legrand_news" on Twitter and "YouTube Legrand") and communities specializing in areas such as Marketing, Purchasing, and Communication. More cross-functional communities also allow employees to share their opinions and ideas on products;
- databases enabling data and file-sharing;

- internal webcasts for staff training and the sharing of information;
- specific workshops are organized to allow various departments to present their activities to other employees.

In 2017, the Group will launch its first worldwide employee engagement survey.

Focus: Change management

Adapting to markets involves organizational changes and therefore adapting resources and funding. These organizational changes take place within the framework of local labor relationships. Social dialogue is particularly important when it involves discussing possible changes and reorganizations inside the Company. Employee representatives are kept closely informed and are regularly consulted about new projects. Once changes have been decided upon, the Group puts in place measures to support those affected (e.g. redeployment, training, coaching, help with setting up or taking over a business, etc.).

A formal Group framework on best practices for change management is currently being finalized in order to standardize practices. For further information about human resource management, please visit www.legrand.com/EN.

4.4.3.2 PROMOTING DIVERSITY, ESPECIALLY BY PLACING MORE WOMEN IN MANAGEMENT POSITIONS

The Group is deeply committed to combating discrimination and promoting diversity. In 2004, it published its first Ethics Charter and in 2009 formalized these guidelines in a Charter of Fundamental Principles. Another sign of its commitment in this regard is the fact that Legrand is also a signatory to the UN Global Compact.

General Management recognizes that diversity, i.e. the variety of people profiles within the Group, contributes to innovation, performance and quality of life within the company. There are twenty nationalities at the Group's headquarters today. Employees benefiting from geographical mobility not only come from headquarters but also from the Group's subsidiaries in all geographical zones. The Human Resources Department encourages the diversification of the profile of talents who support the Group's growth. Employees from around ten nationalities benefited from geographical mobility schemes in 2016.

The Group also encourages the hiring of more women managers and undertakes to guarantee the same working conditions for women as those for men.

Group priority 2014-2018

To increase the number of women in key positions by 25%.

Key performance indicator: Number of women in key positions in the Group.

Annual targets:

	2014	2015	2016	2017	2018
Percentage of women in key posts	12.6%	13%	13.5%	13.9%	14.4%

2016 achievement:

At the end of 2016, 13.8% of the Group's key positions were held by women, an increase of 19.7% versus the end of 2013.

	2014	2015	2016	2017	2018
Target achievement rate *	127%	125%	113%		

* *Calculated against the percentage as at end of 2013 (11.5%).*

Key positions are those considered to have a significant impact on the strategic objectives and performance of their entity: they consist of management team positions in subsidiaries, SBUs (Strategic Business Units), and corporate departments. The goal of increasing the percentage of women in key positions applies worldwide.

The Group plans to increase this by 25% between the end of 2013 and the end of 2018 at the current scope, meaning that it will include employees joining the Group as a result of acquisitions (which, in terms of diversity, can sometimes dilute the Group's performance, often for cultural reasons).

Promoting women to the Group's key positions is part of an ongoing action plan that joins the measures already implemented by the Group in recent years:

- **non-discrimination awareness and training for managers**: initiatives include presentations by independent experts to HR employees and workforce representatives involved in negotiating Professional Equality and Sustainable Development agreements; raising awareness among new hires during orientation sessions; using dedicated tools (webcasts, testimonials, quizzes and posters); incorporating the promotion of diversity into internal communication campaigns, and organizing a gender equality week. Countries that have been involved in these initiatives include Australia, the United Arab Emirates, the United States, Germany, Italy and Canada;
- **guarantee of compliance of HR processes with the principles of non-discrimination**: production of a recruitment guide consistent with the principle of non-discrimination, written by an international working group composed of human resource managers from four countries (France, Italy, Turkey and the United States); signature of agreements on employment parity and equality, particularly in France in 2012, with renewal of

these agreements in 2014, and in Italy; guidelines sent to Group managers in France during the annual pay review;

- **establishment of a network of gender equality guarantors**: appointed to cover France, these guarantors have a mediation and advisory role and participate in exchanges of best practices. They must ensure that no discriminatory situations occur in terms of hiring, vocational training, career paths and development, access for women to positions of responsibility, compensation policy, work/life balance, or the organization of working hours. The gender equality guarantors reviewed 19 potential cases of discrimination in 2016 (versus 14 in 2015), 9 of which resulted in salary adjustments being made (versus 6 in 2015);
- **training program**: since 2013 nearly 900 of the Group's French managers have received training in anti-stereotyping;
- **diversity network**: created on the initiative of Group employees, this network is run by an independent firm and is funded by the General Management. The elle@legrand network discusses skills development, career progression and work/life balance, it arranges programs (such as mentoring) and organizes presentations and exchanges of views with other networks. In 2015, the network went global with the launch of an elle@legrand network in North America (Elle at Legrand NA). In 2016, Italy (with Lei@Bticino), the UK (Elle at Legrand UK), Peru, Russia and India have also set up their own 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.

4.4.3.3 REDUCING THE PAY GAP BETWEEN MEN AND WOMEN

Legrand champions gender equality and works to reduce the pay gap between the Group's male and female employees wherever it is found to exist.

The aim of this priority is to improve diversity within the "non-manager" category, for example by increasing the number of women in skilled roles.

Group priority 2014-2018

Reduce by 15% the pay gap between men and women in non-managerial positions as a whole within the Group.

Key performance indicator: pay gap between men and women in non-managerial positions as a whole within the Group.

Annual targets:

	2014	2015	2016	2017	2018
To reduce the pay gap to:	16.4%	15.9%	15.4%	14.9%	14.4%

2016 achievement:

This priority applies to the entire non-managerial population and does not address the gender pay gap for a particular role. At the end of 2016, the pay gap between men and women in non-managerial positions was 14.7%, slightly ahead of the target.

	2014	2015	2016	2017	2018
Target achievement rate *	274%	94%	142%		

* *Calculated on the basis of the percentage reduction recorded relative to the baseline (17% in 2013) and compared against annual targets.*

This commitment applies to the Group's non-managerial population while perfectly complementing the commitment described above. Although measures to promote women to more senior positions will reduce the pay gap between men and women within the managerial population (as a result of the gender mix within the population concerned), they will not, by their nature, reduce pay gaps within the non-managerial population. Therefore, the Group has chosen to apply this commitment to non-managerial positions.

Measures to reduce pay gaps between men and women are already in place within some Group reporting perimeters. For example, for the last six years in France, an annual budget equivalent to 0.10% of the payroll has been spent on reducing gender inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism 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.

For example, in the last two years, the Hungarian subsidiary has developed a training program to promote female assembly operators to forklift driver positions, improving their salary progression and gender diversity within the trades.

4.4.3.4 DISABILITY MISSION FOR GREATER DIVERSITY

Legrand has special initiatives for people with disabilities, an area it has been actively involved in for many years. This approach is a natural fit with the Group's commitment to disability: "Promote equal opportunities through an improved awareness of diversity in Human Resources management". Group-wide, the employment rate of people with a disability is 2.36% of the Group's workforce included in Occupational Health & Safety reporting.

In France, the Group's agreement on preventing discrimination and integrating people with disabilities comprises a hiring plan, an integration and training plan with adapted work stations, and a plan for retaining employees in the Company.

The Group has close relationships with sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) in the 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 firefighting 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 2016, 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. This agreement also enables Legrand to offer internships to PMTI's third-year students. These internships are approved by the Regional Health Agency. This year, awareness campaigns were also conducted in Italy and the United Kingdom, giving a European flavor to the event.

Actions of this kind are also carried out in the Group's other countries, especially involving awareness actions on different disabilities. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Group sites in Brazil are also committed to employing disabled people, either directly or through institutions. Persons with disabilities can thus participate in remunerated industrial projects, which enables them to be employed. In Italy, since the "International Year of the Disabled" in 1981, the Bticino subsidiary has partnered with the association CFPIL (Varese Center for Vocational Training and Integration through Work) and the Italian province of Varese to facilitate the integration into the workplace of young people with mental and motor disabilities. Governed by an agreement, this commitment translates into the integration of trainees into the Group's Italian teams. The objectives of this partnership were mainly to promote their integration into working life.

In Turkey, Legrand has created a "No handicap for our future" fund which supports social enterprises whose workforce is at least 80% composed of people with disabilities. This initiative helps the people concerned to find work and earn a guaranteed minimum wage.

In Dubai, Legrand subsidizes SENSE, a local association that helps disabled children.

In parallel with this action, Legrand has joined the ILO Global Business and Disability Network. This network seeks to promote the inclusion of people with disabilities into the workplace.

For further information about human resource management, please visit www.legrand.com/EN.

4.5 - LIMITING OUR ENVIRONMENTAL IMPACT

Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy.

To achieve this objective, Legrand encourages grassroots action at its production and R&D sites which is overseen by the SBUs (Strategic Business Units). At the same time, the Group Environment Department manages the Group's environmental policy within the Strategy and Development Division and contributes to environmental reporting by providing data analysis.

More than 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 quality, environment and safety managers of the SBUs, and with the Group Environment team.

Industrial sites as well as the major administrative and logistics sites contribute to Group environmental reports by producing some 30 indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions and waste production.

A selection of the data from this reporting is presented in section 4.6.3.1.

In addition, by actively contributing to the industry guide on CSR, published by the French trade association GIMELEC based on stakeholder contributions, Legrand sought to provide specific information about the sector, and in particular to identify the environmental impacts that apply to its businesses. This is particularly the case with noise pollution: as a manufacturing industry, noise pollution is limited to the noise of machinery located inside buildings; this is controlled so as not to generate any particular problem to neighborhoods around the Group's sites. Concerning food waste, the subject is not directly related to Legrand's business. Consequently, Legrand does not consider this to be applicable to its operations and has therefore not specifically included this topic in this Registration Document (consistent with the "comply or explain" approach).

4.5.1 - Reducing the Group's environmental footprint

Legrand deploys its environmental policy on its sites in conjunction with ISO 14001 certification. This has led to an EMS (Environmental Management System) being set up, accompanied by an ISO 50001-certified energy management system at some European sites. This process, along with a host of local EMS initiatives that have proven effective in Group entities that are most advanced in terms of environmental management, has led to a reduction in the company's environmental footprint.

4.5.1.1 SYSTEMATICALLY OBTAINING ISO 14001 CERTIFICATION FOR GROUP SITES

Legrand's approach is to prevent environmental risk and improve the performance of its sites. The management systems of industrial and logistics sites are assessed regularly and appropriate action plans are implemented for ongoing improvement. This process has resulted in third-party ISO 14001 certification of sites covered by the Group's environmental reports.

Group priority 2014-2018

To achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites.

Key performance indicator: percentage of the Group's sites with ISO 14001 certification.

Annual targets:

	2014	2015	2016	2017	2018
Certification rate of sites*	87%	88%	89%	90%	90%

* *Sites considered are within the Group for more than five years.*

2016 achievement:

At the end of 2016, 91% of the Group's industrial and logistics sites had been ISO 14001 certified. In 2016, the Haridwar site in India was included in the scope of certification.

	2014	2015	2016	2017	2018
Target achievement rate *	102%	104%	102%		

* *Calculated against annual targets.*

Procedure

Sites of companies recently acquired by the Group must be certified within five years. New sites joining Legrand are therefore assisted in their efforts to reach the required performance level through continuous improvement plans incorporating the Group's best practices and environmental techniques. This commitment represents a major ongoing effort, especially in countries where regulations and standards fall short of the criteria for ISO 14001 certification.

The introduction of an ISO 14001 compliant environmental management system (EMS) has two main consequences:

- it determines the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and environmental risks in general;
- it establishes a continual improvement process, often symbolized by the DEMING wheel *(Plan-Do-Check-Act)*, involving the implementation of concrete improvements. For example: improvements to energy efficiency in compressed air circuits and industrial cooling systems; reductions in water consumption in industrial processes; reductions in waste production at source and the installation of recovery processes.

4.5.1.2 CONTROLLING WATER CONSUMPTION

The Legrand Group monitors its water use separately and takes the scarcity of the local water supply into consideration. It measures its impact by taking account of the water consumption at industrial sites (using environmental reporting data) and the local value of water, which is estimated based on the natural abundance of the resource and the 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 21 sites that account for 80% of the Group's water load worldwide. This analysis has revealed that approximately 70% of the Group's water consumption occurs at industrial sites situated in zones where there is low or moderate water consumption (WSI index < 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 of Legrand's industrial facilities are monitored to limit the risk of pollution from discharges into the water. For surface treatment workshops, the water must be treated and treatment provisions are strictly maintained and regularly updated. More generally, the ISO 14001 certification policy for all Group sites as described above enables responsible industrial processes and practices for water management to be deployed.

In 2016, the Group consumed 880,000 m^3 of water, a decrease of 4.3% at current scope compared with the figures posted in 2015, or a much more favorable change than the Group's targeted reduction of 2% per year. This decrease demonstrates the continued effectiveness of the actions introduced.

Just as with greenhouse gas emissions under the *GHG protocol* (see section 4.5.1.3) the main water consumption indicators relating to accommodation and catering for employees at industrial sites are not taken into account, when this is technically possible.

In addition, the Group's subcontractors for surface treatment are in general, historic local suppliers, for which the same regulatory constraints are applied. Logistical proximity enables Group buyers to verify easily that these subcontractors implement a compliant and optimal effluent treatment system.

4.5.1.3 REDUCING THE ENERGY INTENSITY OF THE GROUP'S OPERATIONS

Legrand regards reducing the energy intensity of its operations as a priority. To achieve this, the Group – taking advantage of its privileged position as a supplier of energy-efficient solutions that it can use at its own sites – has committed to a policy of continuous improvement of its energy performance. In 2015, this commitment was translated with the publication of the Group's energy policy, which is available for all Group employees on the Legrand intranet. All subsidiaries and industrial, logistics and commercial sites are affected by this continuous improvement process and are responsible for monitoring their energy performance. Areas of progress are identified at each site and action plans implemented to reduce energy consumption. In addition, the on-site organization put in place for the purposes of ISO 14001 certification ensures compliance with the legal energy requirements.

Legrand intends to pool best energy practices within the Group by focusing on workforce training and information-sharing. As part of its investment policy, Legrand's General Management also provides the resources required for the implementation of action to reduce energy consumption, involving suppliers and service providers in improving the Group's energy performance. The Group thus offers its subsidiaries the opportunity to present investment projects dedicated to improving energy performance on the relevant sites, with a specific return on investment (longer than the periods required for other investment plans). Site renovations enable a general improvement of the building in the search for energy optimization.

To build on this continuous improvement process, Legrand's management has decided to introduce an Energy Management System (EMS) according to the ISO 50001 standard. The scope of the EMS corresponds to approximately 80% of the Group's energy consumption in Europe and covers all industrial, logistics and administrative operations of the sites concerned. An annual energy review consolidates the results measured at all sites in scope, setting and/or revising objectives and targets, and ensuring that they are achieved. Finally, an annual management meeting allows management to review the EMS to ensure that it is relevant, adequate and effective and modify it if necessary. Where appropriate the Group's energy policy is revised.

Focus: Legrand obtains ISO 50001 Energy Management certification

In 2015, Legrand obtained ISO 50001 certification for its energy management system. This certification covers Legrand's headquarters, 21 production sites and three logistics sites located in Spain, France, United Kingdom, Hungary, Italy, Netherlands and Poland. Legrand is the first French industrial group to obtain ISO 50001 certification for multiple sites across a broad European platform. The certification demonstrates the Group's commitment to tackling major energy transition challenges through the promotion of solutions and services to improve energy efficiency in buildings. Legrand's European Energy Management System (EMS) is supported by the Group's energy policy (fully consistent with its Environment Charter), existing ISO 14001 environmental management systems, and actions and information from the sites.

Group priority 2014-2018

To reduce energy intensity by 10%.

Key performance indicator: the Group's energy intensity.

Annual targets:

	2014	2015	2016	2017	2018
To reduce total energy intensity, compared with 2013, by:	2%	4%	6%	8%	10%

2016 achievements:

For 2016, energy consumption at the Group's sites was 440.7 GWh, down slightly on 2015 (445.1 GWh). As a percentage of Group sales, energy consumption amounted to an average intensity of 90 MWh/million euros at the end of 2016, against 105.8 MWh/million euros of sales at the end of 2013, down 15% (at current scope). This change, compared with a reduction target of 2% per year, represents 9% outperformance by the Group and is due to the energy-saving initiatives introduced by the Group (some of which are detailed below) and to more favorable climatic conditions in some regions.

	2014	2015	2016	2017	2018
Target achievement rate *	315%	175%	247%		

* *Calculated against annual targets.*

Energy practices

The Group automatically incorporates energy efficiency into its operations when building, refurbishing and maintaining its premises. Presence detectors are routinely installed during building renovations to reduce power consumption from lighting. In 2014, for example, a portion of the company's headquarters was equipped with a double-flow CMV, while more efficient glazing units were installed at several sites in the Limousin region to improve building insulation.

Energy-efficient solutions developed by the Group are also installed at its industrial and service sites. For example, systems and sub-systems for measuring power consumption have been installed in several Group sites in China, helping to obtain LEED certification for three Group sites. The new production facility in Shenzhen, which opened in 2015, is also highly energy efficient.

The Group also keeps track of best available techniques and is committed to replacing obsolete equipment with less energy-intensive processes (free cooling, electric injection molding machine, energy-efficient motors, etc.). In 2015, for example, a chiller unit and air cooler were installed at the Ulyanovsk plant in Russia to generate iced water for the injection molding machines and extrusion plant. At Boxtel in the Netherlands, an energy recovery system was installed on the paint line, and the warehouse unit heaters were replaced with radiant gas burners. For building refurbishments, athermic glazing/shading solutions are preferred to air conditioning, which is only installed if there is no other option. Similarly, when ventilation systems need to be replaced, the Group opts for double-flow ventilation with recycled fresh air in summer, saving on heating in winter and preventing the entry of warm air in summer, thereby reducing the use of air conditioning.

As part of the “Better Building, Better Plants” initiative backed by the White House, North American entities are encouraging energy retrofits of their office buildings and industrial sites, targeting a 25% reduction in energy consumption over the next four years. In this context, Legrand North America, the Group’s U.S. subsidiary, commissioned a fuel cell device at one of its main industrial sites. In principle, this will allow electricity to be generated from oxygen and natural gas, without any combustion. Calculated over a 20-year period, the fuel cell will deliver a 40% reduction in greenhouse gas emissions and eliminate 100% of SOx and NOx type gases. It will also save more than 50% on electricity costs.

In France, the Group has partially replaced its fleet of company vehicles with electric vehicles. Charging stations continue to be installed in parking areas of several industrial sites. These stations are used for cross-site shuttles and travel within the local area.

The Group’s carbon footprint

Every year, Legrand contributes to the *Carbon Disclosure Project* (CDP), a non-profit organization whose objective is to measure, publish and share environmental information and provide a framework for actions to combat global warming. In 2016, the Group was given a B rating under the new CDP rating system. In 2015, the Group had scored 95C with steady improvement. The methodological approach of the Carbon Footprint project isolates scope 1 and 2 emissions, i.e., CO_2 emissions directly related to the Group’s activities, from indirect scope 3 emissions, which correspond to greenhouse gas emissions generated by other stakeholders as a result of the Group’s activities.

More precisely, a distinction is made between:

- scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used for heating buildings, and to a lesser degree for some industrial processes. Consumption by company cars, which are used overwhelmingly by sales forces in the various countries where the Group operates, is also taken into account. Lastly, the contribution of refrigerant leakage is evaluated and taken into account;
- scope 2 emissions: these are indirect greenhouse gas emissions related to electricity and heating consumption, mainly for industrial processes and marginally for heating and lighting buildings. The specific carbon content of electricity in each country is taken into account[(1)].

In all, scope 1 and 2 emissions accounted for 179,000 metric tons in 2016, as against 167,000 metric tons in 2015.

This total includes GHG (greenhouse gas) emissions associated with the sales force’s vehicles and with presumed leaks of the refrigerants used in the cooling and air-conditioning systems. It is important to note that the extrapolation from sites covered by environmental reporting to estimate the GHG emissions of administrative sites (particularly offices and sales branches) covers all of the Group’s GHG emissions.

The following items were evaluated for scope 3 emissions (ranked in decreasing order of percentage of emissions): raw materials (45.8%), purchased goods and services (32.1%), logistics (13.5%), product end-of-life (3.31%), capital expenditure (2.48%), commuting (1.53%), upstream losses for production and transportation of fuels, and downstream losses for electricity, business travel and waste[(2)] (1.25%). It should be explained that the item “use of products sold” is not taken into account, the quantification of its size is in progress at Group level, and its evaluation is not expected to be very significant.

In 2016, scope 3 emissions totaled 1.839 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 or to independent customers), the latter fell from 98.6 ktons in 2015 to 98.2 ktons in 2016. This fall reflects a fall of 4.6% in constant sales, confirming the reducing trend of these emissions already recorded in previous years.

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;

(1) Excluding these specific emission factors, the French environment and energy management agency’s (ADEME) emission factors for France are taken into account.

(2) For emissions related to waste management, Legrand is using emission factor of domestic waste for non-dangerous waste, and emission factor of incineration for dangerous ones.

- the increase in the proportion of goods shipped by sea, especially between France and Turkey;
- using rail transport, particularly between Paris and Italy (Milan), and between Antibes and Paris;
- using river transport between the port of Le Havre and the Paris region, particularly to supply the Group's international distribution center;
- using, wherever possible, the same mode of transport for incoming and outgoing shipments at the Group's international distribution center, thus reducing the number of empty journeys;
- limiting the use of air freight.

The method used by the Group to map its logistics flows covers more than 95% of its sales.

The results of the full calculation confirm that, as a materials processing and assembly company, the Group's own activities do not have a high carbon intensity. Analysis of the contributing factors shows that, in descending order, the items related to raw materials, goods and services purchased, logistics and industrial site consumption are the main causes, directly or indirectly, of greenhouse gases.

Focus: Calculation of an internal carbon price – Legrand signs climate manifesto

Legrand invested in the United Nations Climate Change Conference in Paris (COP21), signing the climate manifesto and joining 39 other major French companies which are resolutely committed to the fight against climate change and to limiting global warming to 2°C.

Its initiatives are listed on the United Nations' official website "International Climate Action".

To reaffirm its leadership role and the impetus it brings to the campaign for a more sustainable world, since early 2016 Legrand has increasingly included the carbon dioxide price per ton into its operational considerations, notably investment decision processes.

Climate change and mitigation strategy

Climate change results in the materialization of new risks for companies: damage to physical installations, business interruption, financial risks (linked to the rise in insurance costs, for example), impact on populations and therefore on company employees.

Faced with these new risk factors, in 2015 the Legrand Group mapped the vulnerability of its sites in terms of the physical consequences linked with extreme weather events that could affect business continuity. The methodology used is based on site scores developed by the Group's insurers for exposure to the risks of natural disasters. The mapping was done for the 126 major sites (of a total of 153 sites) visited regularly by insurers. Note that the 27 sites excluded from the study are mainly unoccupied or dormant sites or minor sites deemed non-critical for the Group.

Regarding the risk of flooding, 77% of the sites visited present no risk or have a risk level deemed non-significant. A total of 23%, or 29 sites, present a risk level lower than or equal to 1% (i.e. less than a 1% chance that this type of event will occur in any given year). These sites are mainly in France, Italy, India and the United States.

Regarding the risk of storm and high winds (including extreme snowfall): 8%, or 10 sites, could potentially be affected by such phenomena, although the likelihood of occurrence remains very low (less than 0.5% per year). The sites concerned are mostly located in India and the United States. The Group's other sites are not exposed to this type of phenomena.

These analyses supplement the Group's site mapping in terms of water stress, which indicates that approximately 80% of the Group's water consumption is at industrial sites located in areas with low or moderate water use (for more information on this topic, please refer to section 4.5.1.2 of this Reference Document).

The analyses will become progressively more detailed and will be regularly updated. This will enable the Group's exposed sites to be targeted, paving the way for action plans to mitigate the long-term consequences of climate change.

For more information on the Group's risks, please refer to section 3 of this Registration Document.

Focus: Legrand reaffirms its commitment to reducing its energy footprint

Legrand has joined two international initiatives against global warming: the Science Based Targets initiative, which calls on companies to commit to CO_2 emission reduction targets; and the Global Alliance for Energy Productivity, an international alliance that seeks to improve energy efficiency. These two initiatives underscore Legrand's longstanding commitment to mitigating the environmental impact of its activities.

By joining the Science Based Targets scheme (backed by the WWF, the United Nations Global Compact, the World Resources Institute and the CDP), Legrand takes this one step further. Because to limit global warming to no more than 2 °C, the program calls on multinationals to commit publicly to greenhouse gas emission reduction targets consistent with a global scenario of limiting a rise in temperature to 2 °C.

4.5.1.4 USE OF SOILS AND BIODIVERSITY PROTECTION

Legrand's activities have no direct impact on soil or biodiversity. The vast majority of the Group's production sites are located inside business or industrial zones which are subject to specific regulations. Lastly, the manufacturing nature of the Group's business means that sites can be developed vertically, thereby reducing their footprint on the ground.

Conversely, the Group takes into account the concept of embodied biodiversity. By analogy with embodied energy, embodied biodiversity is understood as the cumulative impacts on ecosystems and biodiversity over the entire lifecycle of a material or product (e.g. equipment, energy): raw materials extraction, manufacturing, transportation, implementation, use and end-of-life. Each of these stages has an impact to a greater or lesser extent on the environment (destruction of species or habitats, consumption of natural resources, various forms of pollution, GHG emissions, etc.).

Grey biodiversity can be assessed based on PEPs (Product Environmental Profiles), for which there are numerous impact indicators (intermediate indicators), such as air or water toxicity or eutrophication, which enable an estimate to be made of the potential harm to ecosystem diversity (damage indicators). The Group therefore has a relatively broad base for the indirect assessment of its impact on biodiversity.

For more information on PEPs, please refer to section 4.2.1.3 of this Registration Document.

For more information about our environmental actions, please visit our website at www.legrand.com.

4.5.2 - Innovating for a circular economy

Safeguarding the environment also means implementing circular economy principles within the Legrand Group. This consists in moving from a linear consumption pattern (resource exploitation, manufacturing, use, end-of-life and waste management) to a circular approach, like natural cycles in ecosystems.

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, usually associated with construction infrastructure, have long life spans (typically several decades), thus contributing to the rational use of non-renewable resources. Moreover, electrical equipment also changes over the lifetime of a building and the Group's new products enable new functionality to be added within the existing infrastructure, thereby avoiding (or delaying) their obsolescence. Finally, the role of standards and regulations is fundamental, especially for safety products, which make up a significant part of the Group's offering. The continual changes to these standards, coupled with the long lifetime of products and regulations, mean that they cannot generally be reconditioned for the second-hand market in equipment components.

Group priority 2014-2018

To deploy the principles of a circular economy from the product design phase through to their end-of-life recovery.

Key performance indicators:

- percentage of waste sent to recovery facilities;
- share of Group sales(1) compliant with RoHS regulation;
- introduction of eco-design principles to all Group R&D centers.

Annual targets:

	2014	2015	2016	2017	2018
Waste recovery	> 80%	> 80%	> 80%	> 80%	> 80%
Coverage rate of sales compliant with RoHS regulation(1)	92%	94%	96%	98%	100%
Introduction of eco-design principles to all Group R&D centers	Priority 1: 80%	Priority 1: 100%	Priority 1: 100% Priority 2: 30%	Priority 1: 100% Priority 2: 65%	Priorities 1 & 2: 100%

(1) Including Group products outside the scope of RoHS regulations, excluding acquisitions in 2016 and sales of services.

2016 achievement:

During 2016, 88% of waste was sent for recycling, which confirms the positive performance of previous years. At the end of 2016, 89% of its sales[1] were generated from products complying with restrictions on the use of substances under RoHS regulation, lagging behind the Group's target of 96%. The Group's acquisitions policy affected performance by merging with companies not subject to this regulation. This explains the underperformance relative to the target for 2016. Fully 80% of R&D centers have implemented the Group's systems for analyzing the risks of hazardous substances being present in their products and for monitoring the integration of Group environmental requirements. The focus is on continuing to raise the level of expertise of all centers. In 2016, this included the team at NuVo, based in the United States.

	2014	2015	2016	2017	2018
Target achievement rate	100%	87%	118%		

* *Calculated as the average achievement rates for the above three indicators relative to the annual targets.*

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 waste identification to improve sorting and thus facilitate recycling.

Recycling is a critical point for Legrand, especially on its industrial sites. Sorting instructions are regularly updated to maintain, or even improve, the Group's historically high recycling rate. Some scrap is directly reused in the production process: as a result, the sprues from injection molding are ground up and reincorporated with virgin materials in the thermoplastic injection process. In addition, scrap from the metal cutting process is legally classified as production waste and is systematically recycled outside the company.

As an example of best practice, 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 have been set up in production workshops with the active participation of all employees: weekly meetings with analysis of indicators, improvement proposals, brainstorming and suggestions. This initiative has resulted in several noteworthy actions, including: detection of energy losses in machines, switching off machines during breaks, reusing consumables such as gloves, and increasing selective sorting.

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 reuse of all wood pallets used in workshops;
- purchase of 30% of packaging from recycling centers.

In terms of results, environmental reporting has revealed that the gross amount of waste generated in 2016 was 52 thousand metric tons, a change of 1% compared with 2015 at current scope.

The waste recycling rate remained very high, at 88%, in 2016. The Group's goal is to maintain a minimum rate of 80% for all 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). Note that at the national level (for all industrial actors combined), around 30% of all self-contained emergency lighting units placed on the market are collected at the end of their life.

The WEEE Directive has structured and regulated such initiatives in Europe. Under its leadership, eco-organizations have established systems to collect and process products that have now reached the end of their life. In response to the obligations, Legrand has joined in these efforts by funding recycling facilities that process the tonnage placed on the market through retail channels.

Since 2010, recycling processes have been set up that are specifically tailored to the construction industry, such as the "WEEE pro" process in France with the eco-organization Récylum. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sales forces are trained to promote membership of the Récylum network among their

(1) Including Group products outside the scope of RoHS regulation, excluding acquisitions in 2016 and sales of services.

customers. The Récylum network in France comprises over 3,600 collection points at the Group's electrical equipment wholesalers and installers. Each one is equipped with special containers to collect products under the scope of the WEEE Directive.

The above-mentioned pioneering industry sector of self-contained emergency lighting units has already created market habits that now benefit the collective WEEE sector. Similar initiatives have been implemented in European countries affected by the directive.

Legrand regularly takes part in one-day forums organized by 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).

Finally, the Product Environmental Profiles (PEPs) developed by the Group (covering 61% of the Group's total sales at end 2016 – see section 4.2.1.3 of this document) are information tools specifically designed for recycling centers (showing, for example, the potential for recycling and recovery and the location of sub-assemblies requiring specific treatment). They also facilitate the recovery of Legrand products at the end of their life.

Traceability and disposal of hazardous substances

RoHS Directive

The RoHS Directive lays down rules restricting the use of hazardous substances for electrical and electronic products. Originally adopted in 2003 ahead of its implementation in 2006, it was revised in 2012 and the list of target substances was extended in 2015. Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not. 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.

In addition to its strict compliance with the RoHS Directive (2011/65/EU), the Group is already prepared to open the scope of application, which is due to be introduced in 2019.

Furthermore, the Group has added to its CSR roadmap the target of complying with the RoHS Directive's restrictions on the use of hazardous substances for its entire global offering by the end of 2018 (including those outside the scope of the RoHS Directive). At the end of 2016, 89% of sales were generated from products that did not contain these substances (against a target of 96%). The Group's acquisitions policy affected performance, by merging with companies not subject to this regulation and marketing products potentially containing the substances in excess of the restrictions under the RoHS Directive.

REACH Regulation

Legrand takes into account the requirements of the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation 1907/2006 and takes all necessary measures to be in compliance. As a proactive player in this process, Legrand goes beyond regulatory requirements. For example, when developing its products, it has undertaken to exclude any substances included in the REACH "candidate list" whenever a technically and economically viable alternative is available.

Legrand is therefore also involved in the application of the European REACH regulations, in particular by facilitating the transmission of data on the relevant substances used in its economic chain (upstream and downstream). This includes:

- arranging the collection from strategic suppliers of Material Safety Data Sheets on substances and preparations, such sheets being key components of REACH for transmitting product information;
- providing the Group's European customer service departments with a 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 bolster and maintain this proactive approach, a REACH expert committee, including the Group's materials and processes experts, supported by the purchasing organization, was set up in 2011. Its role is to seek, upon publication of the lists of candidate substances, alternatives to be promoted among R&D teams for product design and the development of their manufacturing process.

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 practices allows a performance index to be attributed to each R&D center:

- use of the Group's system for analyzing the risk of hazardous substances being present (priority 1 practice);
- use of the Group's system for monitoring the Group's environmental requirements (priority 1 practice);
- use of LCA (Lifecycle Analysis) in the concept-definition phase (priority 2 practice);
- obtaining eco-designed products at the end of the R&D process (priority 2 practice);
- implementation of one EMS (Environmental Management System) per R&D unit (ISO 14062 or equivalent) (priority 2 practice);

- integration of the upstream supply chain in LCA (priority 3 practice);
- integration of materials from the circular economy (priority 3 practice).

In 2014, the first year of deployment, the Group's goal was to complete the first full assessment of these seven practices at all of its R&D centers. Since 2015, efforts have focused on developing the expertise of its centers. By the end of 2016, priority 1 practices have been put in place for 80% of the Group's R&D centers (compared with a target of 100%). 67% of these teams have already implemented priority 2 practices, with a target of 30% by the end of 2016.

The eco-design approach is particularly 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.

Lifecycle assessment (LCA) techniques that establish product environmental profiles (PEPs) are a powerful tool for designing better products. By challenging the usual technical solutions in the design and industrialization phases, the analysis of environmental impacts is also a remarkable tool for innovation.

The following are some examples of eco-designed products launched by Legrand:

- Mosaic electrical accessories: the mechanisms used in the Mosaic and Céliane 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 57 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 approximately 30% compared with the previous generation of products. The PEP ecopassport® issued for this series provides details of their environmental impacts. Moreover, with this new design the transformer generates less noise.
- 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.
- battery-powered emergency lights: switching to LED technology has yielded a 75% reduction in the product's environmental impact throughout its lifecycle, while extending the lifetime of the light source and reducing the product's footprint.

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. These include using cardboard containing a high percentage of recycled material, printing with water-based inks, using acrylic adhesives which emit fewer VOCs, etc. The new cardboard packaging design of Mosaic and Céliane sockets and switches delivered an annual saving of 39 metric tons of CO_2 equivalent in 2015.

4.6 - OVERVIEW OF INDICATORS AND ADDITIONAL INFORMATION

4.6.1 - Reporting procedures

Two reporting tools are used throughout the Group to collect, administer and manage environmental, social and prevention-related data: one is database management dedicated to social data, and the other is specific software accessible on the Group's intranet for environmental and prevention data.

Reporting enables the various units to capitalize on best practices and share them within the Group. It should be noted as regards the various reporting tools, that:

- **Occupational Health and Safety reports** periodically consolidate statistical data on occupational risk prevention. It covered 100% of the Group's workforce (excluding acquisitions under three years), in 2016, with 153 entities included in the scope of reporting. New acquisitions receive training on the rules and standards of reporting in the first year of their consolidation into the Group. Their prevention indicators within the aggregates provided by the Group are taken into account only after the third year following their consolidation because of the time needed to acquire the Group's methods and standards. In 2016, 4 entities joined the scope of reporting. These are entities that joined the Group in 2013 (Tynetec in the UK, Adlec Power in India, Seico in Saudi Arabia and S2S in France).
- **Human Resources reporting** periodically consolidates statistical data on human resources management. It covered 96.4% of the Group's workforce in 2016. New acquisitions are integrated the year following their entry into the Group's scope of consolidation. The following entities entered the scope of reporting in 2016: Raritan, Valrack and IME. No entity left the scope of consolidation;
- **Environment reporting** periodically consolidates statistical data on the environment. It concerns production sites with more than 25 employees, administrative or commercial sites with more than 200 employees, and storage sites larger than 15,000 m2. New acquisitions are integrated between one and three years after they join the Group. Two units were added in 2016: Jeddah in Saudi Arabia and Blyth in the UK. Seven sites in Spain, India, Iran, Russia, Slovakia, Turkey and Venezuela left the reporting scope, usually following local consolidation of production activities.
- if an entity is sold, it immediately exits the scope of reporting mentioned above.

All of these applications include an overview document for the reporting process plus a user guide. Online help, data consistency checks and mandatory comments are integrated into these applications to help with the input of the entities' qualitative data.

4.6.2 - Overview of social indicators

4.6.2.1 HEALTH AND SAFETY INDICATORS

The table below summarizes the main health and safety indicators for the Group. The data presented correspond to the Occupational Health & Safety scope of reporting, which covers all Group employees excluding acquisitions under three years (i.e. 30,691 people at the end of 2016). This is consistent with the integration rules described in section 4.6.1 of this Registration Document.

	2014	2015	2016
Occupational risk management plan (% of Group workforce covered by this plan)	95%	90%	90%
Health/safety monitoring and improvement process (% of Group workforce covered by this process)	94%	90%	94%
Health and Safety Committees (% of Group workforce represented by a Health and Safety Committee)	91%	87%	86%
Workplace health (Number of people who have had a (para)medical review within the last 5 years)	72%	70%	70%
Frequency of workplace accidents leading to absence (Number of accidents × 1,000,000)/(Hours worked)	7.27	5.89	5.29
Severity of workplace accidents (Number of days absence × 1,000)/(Hours worked)	0.22	0.15	0.17
Frequency of accidents suffered by subcontractors (Number of subcontractor accidents occurring on a Group site × 1,000)/ (Number of employees on the Legrand site in question)	1.70	1.74	3.23
Training Number of health & safety training hours per person	3.1	2.5	2.9
Work-related illnesses (Number of recognized work-related illnesses)	61	88	51
Number of fatal accidents	0	0	0

Additional comments:

- the proportion of the workforce for whom risk indicators are consolidated corresponds to all employees covered by Health & Safety reporting, with the exception of a few cases of isolated or seconded employees;
- 153 entities are included in the scope of reporting;
- the frequency of accidents suffered by subcontractors is in progress in terms of reliability and must be analyzed with caution;
- in accordance with the pledge made in 2015, particular attention was given in 2016 to the occupational illness indicator in order to pinpoint the illnesses actually caused by working for the Group.

4.6.2.2 INDICATORS ON EMPLOYMENT, THE ORGANIZATION OF LABOR, LABOR RELATIONS AND TRAINING

Group workforce at the end of 2016

	2014		2015		2016	
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)		**36,476**		**36,097**		**35,902**
By geographical location:						
France		5,797		5,700		5,600
Italy		2,753		2,800		2,828
Rest of Europe		5,438		5,265		5,351
United States and Canada		3,137		3,312		3,876
Rest of the World		19,351		19,020		18,247
	Of which Back Office	*Of which Front Office*	*Of which Back Office*	*Of which Front Office*	*Of which Back Office*	*Of which Front Office*
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**81%**	**19%**	**81%**	**19%**	**80%**	**20%**
By geographical location:						
France	84%	16%	84%	16%	83%	17%
Italy	81%	19%	83%	17%	83%	17%
Rest of Europe	76%	24%	75%	25%	74%	26%
United States and Canada	78%	22%	77%	23%	76%	24%
Rest of the World	82%	18%	82%	18%	82%	18%

The Group specifically applies the concept of "registered workforce", which includes employees with both fixed-term and open-ended employment contracts. The total workforce registered at the end of 2016 was 32,722 people.

The table below shows the average headcount, including temporary workers, employed by the Group between 2014 and 2016. The table gives a breakdown of the workforce by geographical location and main business sector.

The tables below summarize the main indicators for the Group in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 96.4% of the overall workforce, or 31,542 people. Note that HR reporting does not include acquisitions completed in 2016.

Working hours – Worldwide

	2014	2015	2016
% of employees working full-time	97.7%	97.5%	97.5%
% of employees working part-time	2.3%	2.5%	2.5%

Additional note: the definition of full time and part time is given in the HR reporting user guide.

Absenteeism – Worldwide

	2014	2015	2016
All job categories	3.06%	3.69%	4.20%

Additional note: absences to be taken into account are absences due to illness (including work-related illness), accidents at work, accidents during commuting and unexcused absences. It excludes days of temporary layoff, disciplinary suspension, strikes, maternity leave, absence for family events (legal or under agreements), statutory holidays or unpaid leave. For some units, it also takes into account the days of absence for long-term illness compensated by social security bodies.

The absenteeism indicator covered 89.6% of the workforce in the end of year HR report.

Social dialogue and freedom of association – Worldwide

	2014	2015	2016
% of employees covered by a collective bargaining agreement and/or convention	57%	52%	52%

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

	2014	2015	2016
% of reporting scopes with consultation rules	24%	17%	22%

The significant difference between the scope of consolidation covered in 2014 and 2015 is due to the entry of new entities in the scope of reporting, which had a dilutive effect.

Compensation – Worldwide

	2014	2015	2016
% of non-managers on minimum wage	1%	1.6%	1.6%

Additional notes:

- *14 reporting scopes have employees on minimum wage;*
- *this indicator covers 99% of the Group's non-managers.*

Compensation by gender and occupational category – Worldwide

	2014	2015	2016
Wage gap between male and female managers	13%	14.3%	13.6%
Wage gap between male and female non-managers	15.5%	16%	14.7%

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

	2014	2015	2016
Mature countries	40%	41%	43%
New economies	60%	59%	57%
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

	2014	2015	2016
Managers	25%	26%	27%
Non-Managers	75%	74%	73%

Additional note: the breakdown of professional categories is included in the HR reporting user guide.

Breakdown by age – Worldwide

	2014	2015	2016
Employees < 26 years	10%	10%	8%
Employees ≥ 26 years and < 36 years	31%	30%	28%
Employees ≥ 36 years and < 46 years	30%	30%	31%
Employees ≥ 46 years and < 56 years	21%	22%	24%
Employees ≥ 56 years	8%	8%	9%

Additional note: the age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2014	2015	2016
Open-ended Worldwide	82%	83%	84%
Fixed-term Worldwide	18%	17%	16%

Additional note: it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a common local practice.

Developments during 2016 (hirings and departures) – Worldwide

	2014	2015	2016
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding changes of fixed-term contracts into open-ended contracts)	**40%**	**38%**	**49%**
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	22%	21%	17%
Open-ended contract turnover	13%	14%	11.5%

In 2016:

- *the total number of hires was 4,682;*
- *the number of open-ended contracts among new hires on open-ended and fixed-term contracts totaled 2,274;*
- *the number of fixed-term contracts amended to open-ended contracts was 457.*

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*	2014	2015	2016
Of which resignations	36%	33%	41%
Of which retirement	6%	7%	7%
Of which other departures	58%	60%	52%
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 2016, the total number of departures was 5,401 for all reasons and for all types of contracts combined (of which 21% were departures for personal reasons, layoffs for economic reasons, and fixed-term contracts terminated early by the employer). Out of that total, 3,062 departures concerned employees on open-ended contracts; 2,339 departures concerned employees on fixed-term contracts, of which 60% were in the Group's Chinese entities on account of the high proportion of fixed-term contracts in China. Note that 75% of departures of employees on fixed-term contracts took place at the employee's initiative.

Hirings by gender – Worldwide

	2014	2015	2016
Percentage of women among persons hired	54%	55%	48%
Percentage of men among persons hired	46%	45%	52%

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)

	2014	2015	2016
Number of training hours per employee (Worldwide)	12 hours	13 hours	15 hours
Number of training hours per employee – Managers	18 hours	17 hours	18 hours
Number of training hours per employee – Non-managers	10 hours	12 hours	14 hours
Percentage of the Group's workforce receiving training during the year	65%	82%	87%

Talent management – Worldwide

	2014	2015	2016
Rate of Individual Appraisal Reviews (CAPPs) – Managers	85%	88%	88%
Percentage of experts and talent managed by the OSR (*Organization and Staffing Review*) system	N/A*	48%	93%
Manager-retention rate	96%	96%	95%

** Indicator not monitored in 2014 following the overhaul of the process in 2014.*

4.6.2.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. All data are reported at current scope of consolidation.

Breakdown of employees by gender – Worldwide – Open-ended and fixed-term contracts

	2014	2015	2016
Women	36%	37%	36%
Men	64%	63%	64%

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2014	2015	2016
Female employees < 26 years	5%	5%	4%
Male employees < 26 years	6%	5%	4%
Female employees ≥ 26 years and < 36 years	11%	11%	10%
Male employees ≥ 26 years and < 36 years	20%	19%	18%
Female employees ≥ 36 years and < 46 years	10%	10%	11%
Male employees ≥ 36 years and < 46 years	20%	20%	20%
Female employees ≥ 46 years and < 56 years	7%	7%	8%
Male employees ≥ 46 years and < 56 years	13%	15%	16%
Female employees ≥ 56 years	3%	3%	3%
Male employees ≥ 56 years	5%	5%	6%

Additional note: at the end of 2016, the average age of male employees was 41 years, compared with 40 years for women.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2014	2015	2016
Percentage of female managers	22%	22%	22%
Percentage of male managers	78%	78%	78%
Percentage of female non-managers	41%	42%	41%
Percentage of male non-managers	59%	58%	59%
Percentage of women in key positions	12.9%	13.4%	13.8%

Percentage of disabled workers – Worldwide

	2014	2015	2016
Percentage of disabled workers	2.23%	2.36%	2.36%

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 7.78% at the end of 2016, above the legal minimum of 6% (as provided for by law, including subcontracting with the protected sector). Note that this rate is computed on 99% of the Group's workforce in France.

4.6.3 - Overview of environmental indicators

The tables below show the main Group environmental indicators. All data correspond to the Environment reporting scope, which covers over 94% of the Group's production cost, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent, which cover 100% of the Group's activities.

For more information on the rules for including newly merged acquisitions in the reporting process, please refer to section 4.6.1 of this Registration Document.

4.6.3.1 ENVIRONMENTAL INDICATORS – SITES

The table below shows the main indicators monitored by the Group as regards impact related to site activities. The data are at current scope of consolidation.

Comments on the data presented can be found in section 4.5 of this Registration Document.

	2014	2015	2016
Energy consumption *(GWh)*	445	445	441
Direct energy consumption (mainly gas) *(GWh)*	179	179	176
Indirect energy consumption (mainly electricity) *(GWh)*	266	266	265
Total CO_2 emissions for scopes 1 and 2 of the carbon assessment *(in thousands of metric tons equivalent of CO_2)*	163*	167*	179*
Emissions from product transport *(in thousands of metric tons equivalent of CO_2)*	89.0	98.6	98.2
CO_2 emissions linked to energy consumption *(thousands of metric tons equivalent of CO_2)* scopes 1, 2 and 3 of the carbon audit	1,887	2,012	2,017
ISO 14001-certified sites *(%)*	89%	92%	91%
Water consumption *(in thousands of* m^3*)*	990	920	880
Waste produced *(in thousands of metric tons)*	52	51	52
Waste recovered** *(%)*	86%	87%	88%
Volatile Organic Compounds (VOCs) *(in metric tons)*	125	117	119

* *Recovery complies with the requirements of the GHG Protocol.*

** *Sent for recycling.*

Additional notes:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of year Y-1 and of the first three quarters of year Y;
- a total of 21 new sites (related to Legrand's acquisitions) were ISO 14001 certified between 2011 and 2016, including Fairfield in the United States, Caxias do Sul in Brazil, Wuxi, Huizhou and Shanghai in China, Preston in Australia, Nashik, ADLEC, the five Numeric sites and Haridwar in India. At the end of 2016, 91% of industrial and logistics sites consolidated within the Group for more than five years were ISO 14001-certified.

4.6.3.2 ENVIRONMENTAL INDICATOR – PRODUCTS

	2014	2015	2016
Share of Group sales generated by products with PEPs	52%	56%	60%
Share of Group sales compliant with the RoHS regulation(1)	85%	84%	89%

(1) *Including Group products outside the scope of the RoHS regulation. The elimination of RoHS substances contained in these products is a voluntary commitment by the Group.*

4.6.3.3 ENVIRONMENTAL INDICATORS – OTHER

	2014	2015	2016
Environment-related contingency provisions and guarantees *(in millions of euros)*	13.8	10.8	9.3
Convictions, fines, closures	0	0	0

For more information on the management of environmental risks, please refer to section 3 of this Registration Document.

4.6.4 - Article 225 of the Grenelle 2 Law – Cross-reference table

Obligations under article 225 of the Grenelle 2 Law		Sections of the Registration Document
Policy	Company efforts to take into account the social and environmental consequences of its activity, as well as its social commitments to sustainable development; its guidelines, where necessary specifying the actions or initiatives implemented	4.1.1 - 4.1.2 - 4.1.3 - 4.4 - 4.4.3 - 4.5

Obligations under article 225 of the Grenelle 2 Law			Sections of the Registration Document
Labor relations	a) Workforce	■ Total workforce	4.6.2
		■ Breakdown of employees by gender, age and geographical location	4.6.2
		■ New employee hiring and layoffs	4.6.2
		■ Employee compensation and salary progression	4.4.3 - 4.6.2
	b) Work organization	■ Working hours	4.4 - 4.6.2.
		■ Absenteeism	4.4 - 4.6.2
	c) Labor relations	■ Organization of social dialogue	4.4.1
		■ Collective bargaining agreements	4.4.1
	d) Health and safety	■ Health and safety conditions	4.4.2 - 4.6.2
		■ Agreements signed	4.4.2 - 4.6.2
		■ Workplace accidents	4.4.2 - 4.6.2
	e) Training	■ Total number of training hours	4.4.3 - 4.6.2
		■ Training policies	4.4.3
	f) Equal treatment: measures taken to promote	■ Equality between men and women	4.4.3 - 4.6.2
		■ Employment and integration of disabled people	4.4.3 - 4.6.2
		■ Prevention of discrimination	4.4.3 - 4.6.2
	g) Promotion of and compliance with the Fundamental Conventions of the International Labor Organization (ILO)	■ Promotion of freedom of association and the right to collective bargaining	4.4.1
		■ Elimination of discrimination in employment and occupation	4.4.1 - 4.4.3
		■ Elimination of forced or compulsory labor	4.4.1
		■ Effective abolition of child labor	4.4.1 - 4.3.2

Obligations under article 225 of the Grenelle 2 Law			Sections of the Registration Document
Environmental aspects	a) General environmental policy	■ Organization of the company to take environmental questions into account	4.5
		■ Employee training and information actions	4.5 - 4.6.3
		■ Resources devoted to preventing environmental risks and pollution	4.5 - 4.5.1
		■ Amount of provisions and guarantees for environmental risks	4.6.3
	b) Pollution	■ Measures to prevent, reduce, or compensate for air, water, and soil emissions affecting the environment	4.5.1 - 4.6.3
		■ Measures to prevent, recycle, and dispose of waste	4.5.1 - 4.5.2 - 4.6.3
		■ Taking account of noise and other sources of pollution specific to an activity, where relevant	4.5.1 - 4.6.3
	c) Circular economy	■ Pollution and waste management: ▪ measures to prevent, recycle, reuse, repurpose and dispose of waste ▪ actions to prevent food waste	4.5.1 - 4.6.3
		■ Use of resources: ▪ Water consumption and water supply depending on local constraints	4.5.1 - 4.6.3
		▪ Consumption of raw materials and measures to improve their efficient use	4.5.1 - 4.5.2 - 4.6.3
		▪ Energy consumption, and where relevant, measures to improve energy efficiency and the use of renewable energy sources	4.2.1 - 4.2.2 - 4.5.1 - 4.5.2 - 4.6.3
		■ Land use	4.5.1 - 4.6.3
	d) Climate change	■ Greenhouse gas emissions	4.2.1 - 4.5.1 - 4.6.3
		■ Adaptation to the impacts of climate change	4.5.1 - 4.6.3
	e) Protection of biodiversity	■ Measures taken to protect or develop biodiversity	4.5.1 - 4.6.3
Social commitments to sustainable development	a) Regional, economic and social impact of the activity	■ Employment and regional development	4.3.3
		■ On neighboring and local populations	4.3.3
	b) Relations with interested parties	■ Conditions of dialogue with interested parties	4.1.2
		■ Partnership or corporate philanthropy	4.3.3
	c) Subcontracting and suppliers	■ Incorporation of social and environmental issues in purchasing policies	4.3.2
		■ The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	4.3.2
	d) Fair practices	■ Actions taken to prevent corruption	4.3.1
		■ Measures to promote consumer health and safety	4.2.1
	e) Human rights	■ Other actions to promote human rights	4.4.1

Note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for electrical equipment, control-command and related services), the Legrand Group helped draw up the sector's CSR reporting guide. This guide follows the structure of article 225 of the Grenelle 2 Law as presented above and clarifies the approach adopted ("comply or explain"), based on the degree of relevance and appropriateness of each issue, including those issues specific to Legrand's sector.

4.6.5 - GRI Content Index

This report was prepared in line with the core option of the GRI Standards (2016 version). Legrand decided on early adoption of the GRI Standards published in October 2016.

The full cross-reference table with GRI guidelines can be found on our website at www.legrand.com/EN, under “Our responsibility”, and then “Resource Center”.

4.6.6 - 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	4.3.2 Ensuring responsible purchasing 4.4.3 Developing skills and promoting diversity 4.4.2 Guaranteeing occupational health and safety
2. Businesses should ensure that they are not complicit in human rights abuses	4.3.1 Acting ethically 4.4.3 Developing skills and promoting diversity 4.4.2 Guaranteeing occupational health and safety
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining **4.** The elimination of all forms of forced or compulsory labor **5.** The effective abolition of child labor	4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing 4.4.1 Respecting Human Rights
6. The elimination of discrimination with respect to employment and occupation	4.4.3 Developing skills and promoting diversity
7. Businesses should support a precautionary approach to environmental challenges **8.** The undertaking of initiatives to promote greater environmental responsibility	4.5.1 Reducing the Group’s environmental footprint
9. The encouragement of the development and diffusion of environmentally friendly technologies	4.2.1 Providing sustainable solutions 4.5.2 Innovating for a circular economy
10. Businesses should work against corruption in all its forms, including extortion and bribery	4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing

4.6.7 - Cross-reference table with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals for 2015-2030 are global in scope. Legrand demonstrates its commitment to achieving these goals through its CSR strategy.

Principles of the United Nations Sustainable Development Goals	Sections of the Registration Document
1. No poverty End poverty in all its forms everywhere	4.2.1.1 Improving the living conditions and comfort of users 4.2.1.4 Improving energy efficiency in buildings 4.3.2 Ensuring responsible purchasing 4.3.3 Enabling access to electricity for all 4.4.1 Respecting human rights
2. Zero hunger Ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture	Legrand has no direct lever for this goal
3. Good health and well-being Ensuring healthy lives and promoting well-being for all at all ages	4.3.3 Enabling access to electricity for all 4.4.2 Guaranteeing occupational health and safety
4. Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing 4.4.1 Respecting human rights
5. Gender equality Achieve gender equality and empower all women and girls	4.3.2 Ensuring responsible purchasing 4.4.1 Respecting human rights 4.4.3 Developing skills and promoting diversity
6. Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all	4.5.1.2 Controlling water consumption 4.5.2 Innovating for a circular economy
7. Affordable and clean energy Ensuring access to affordable, reliable, sustainable and modern energy for all	4.2.1 Providing sustainable solutions 4.3.3 Enabling access to electricity for all 4.5.1 Reducing the Group's environmental footprint 4.5.2 Innovating for a circular economy
8. Decent work and economic growth Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	4.2.2 Being a driving force in the electrical sector 4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing 4.4.1 Respecting human rights 4.4.3 Developing skills and promoting diversity
9. Industry, innovation and infrastructure Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation	4.2.1 Providing sustainable solutions 4.2.2 Being a driving force in the electrical sector 4.5.1 Reducing the Group's environmental footprint 4.5.2 Innovating for a circular economy
10. Reduced inequalities Reducing inequality within and among countries	4.3.2 Ensuring responsible purchasing 4.3.3 Enabling access to electricity for all 4.4.1 Respecting human rights
11. Sustainable cities and communities Making cities and human settlements inclusive, safe, resilient and sustainable	4.2.1 Providing sustainable solutions 4.2.2 Being a driving force in the electrical sector
12. Responsible consumption and production Ensuring sustainable consumption and production patterns	4.2 Offering users sustainable solutions 4.3 Acting ethically towards society

Principles of the United Nations Sustainable Development Goals	Sections of the Registration Document
13. Climate action Taking urgent action to combat climate change and its impacts	4.5.1 Reducing the Group's environmental footprint 4.5.2 Innovating for a circular economy 4.2.1.4 Improving energy efficiency in buildings
14. Life in the water Conserving and sustainably using the oceans, seas and marine resources for sustainable development	Legrand has little direct leverage, however the following actions indirectly contribute to these SDGs: 4.2.1 Providing sustainable solutions 4.5.1 Reducing the Group's environmental footprint 4.5.2 Innovating for a circular economy
15. Life on land Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss	
16. Peace, justice and strong institutions Promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels	4.2.1.2 Ensuring the safety of users of electrical equipment 4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing 4.4.1 Respecting human rights
17. Partnerships for the achievement of goals Strengthening the means for implementing the Global Partnership for Sustainable Development and revitalizing it	4.2.2 Being a driving force in the electrical sector 4.3.1 Acting ethically 4.3.3 Enabling access to electricity for all

4.6.8 - Materiality of the core issues of ISO 26000 for the Group

ISO 26000 core issues	Low or moderate materiality	High materiality	Key issues of the Legrand Group CSR strategy
Human rights	Dispute resolution Civil and political rights	Prevention of complicity Discrimination and the underprivileged Economic, social and cultural rights Duty of care Situations posing a risk to human rights at work	6. Respecting Human Rights 8. Developing skills and promoting diversity
Labor practices	Social dialog	Health and safety in the workplace Working conditions and employee welfare Employment and employer/employee relationship Human resources development	6. Respecting Human Rights 7. Guaranteeing health and safety at work 8. Developing skills and promoting diversity
Environment	Preventing pollution Protection and rehabilitation of the natural environment	Sustainable use of resources Climate change mitigation and adaptation	9. Reducing the Group's environmental footprint 10. Innovating for a circular economy
Good business practices	Responsible political engagement Respect for property rights	Fight against corruption Fair competition Promoting social responsibility in the sphere of influence	3. Acting ethically 4. Ensuring responsible purchasing 5. Enabling access to electricity for all
Consumer issues	Best practice in marketing, information and contracts Sustainable consumption Education and public awareness	Protection of consumer health and safety Access to essential services After-sales service, support and complaint and litigation for consumers Protection of consumer data and privacy	1. Providing sustainable solutions 2. Playing a driving role in the electrical sector 5. Enabling access to electricity for all
Social commitment	Education and culture Wealth and income creation Health Investment in employees	Local presence Job creation and skills development Technological advances and access to technology	5. Enabling access to electricity for all 1. Providing sustainable solutions 2. Playing a driving role in the electrical sector

4.7 - STATUTORY AUDITORS' REPORT

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2016

To the Shareholders,

In our capacity as Statutory Auditor of Legrand SA, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048(1) , we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R. 225-105-1 of the French Commercial Code in accordance with the reporting protocols and guidelines used by the Company (hereinafter the «Guidelines»), summarised in the management report and available on request from the Group CSR Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- express, on the Company's request, a limited assurance conclusion that the 2016 achievement rates of the 2014-2018 Roadmap presented in the summary table of paragraph 4.1.3.2 "Performance management" in the management report was, in all material respects, established in accordance with the Guidelines.

Our work involved seven persons and was conducted between October 2016 and March 2017 during a fifteen-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of statutory auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000(2) concerning our conclusion on the fairness of CSR Information.

(1) whose scope is available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

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1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code within the limitations set out in the methodological elements, presented in the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around thirty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (presented in Appendix 1):

- at parent entity and sites level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities and sites selected by us (presented in Appendix 2) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 27% of headcount and between 17% and 25% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

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3. Limited assurance attestation on the 2016 achievement rates of the 2014-2018 Roadmap

Nature and scope of our work

Regarding the 2016 achievement rates of the 2014-2018 Roadmap presented in the summary table of paragraph 4.1.3.2 "Performance management" in the management report, we conducted work of the same nature as the work described in section 2 above regarding the CSR Information that we considered to be the most important.

We consider that this work allows us to express a limited assurance conclusion on the 2016 achievement rates of the 2014-2018 Roadmap.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the 2016 achievement rates of the 2014-2018 Roadmap, taken as a whole, are not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 15 2017

One of the Statutory Auditors

Deloitte & Associés

Jean-Marc Lumet
Partner

Olivier Jan
Partner, Sustainability Services

Appendix 1

The CSR Information that we considered to be the most important, on which we conducted detailed tests, are the following:

Important information

- Quantitative health and safety information
- Frequency of workplace accidents leading to absence
- Severity of workplace accidents
- Number of recognized work-related illnesses

Other quantitative social information

- Total registered workforce on 31/12/2016
- Hirings (Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts)
- Departures (of which resignations, retirements and other departures)
- Number of training hours per employee
- Absenteeism (all job categories)
- Share of non-managers at minimum wage
- Share of employees covered by an agreement or agreements applicable to their entity
- Share of employees employed in entities in which there is a representative organization of employees and / or trade unions

Quantitative environmental information

- Water consumption (m3)
- Direct and indirect energy consumption (GWh)
- Total CO_2 emissions for scopes 1 and 2 of the carbon assessment (t of CO_2 equivalent)
- Scope 3 emissions (t of CO_2 equivalent)
- Volatile Organic Compounds (VOC) (metric t)
- Quantity of waste produced (metric t)
- Quantity of waste entrusted to providers in charge of their recovery (metric t)

Qualitative information

- Monitoring and improving safety and health
- Waste management
- The environmental performance of the Group's R&D centers
- Actions implemented by the Fondation Legrand, under the aegis of the Foundation Agir Against Exclusion (FACE)
- Responsible purchasing
- Supplier risk analysis campaign
- Product Risk Management Procedure

Appendix 2

The sample of selected entities and sites is presented below:

Quantitative health and safety information:

Caxias (Brazil), Poa (Brazil), Limousin (France), Tradate (Italy), Zabkowice (Poland), Rocom (China)

Other quantitative social information:

Poa (Brazil), Limousin (France), Zabkowice (Poland), Rocom (China)

Quantitative environmental information:

Caxias (Brazil), Poa (Brazil), Fontaine (France), Malaunay (France), Magré123 (France), Tradate (Italy), Zabkowice (Poland), Rocom (China)

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

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5.1 - PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 8 of this Registration Document. Financial statements of the Company have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations as adopted by the European Union. The following information includes forward-looking statements based on estimates relating to the future activity of Legrand and which may differ materially from actual results.

Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

5.2 - 2016 HIGHLIGHTS

Solid integrated performance, targets fully met

Legrand has fully met all of its 2016 targets:

- organic growth in sales came to +1.8% near the high end of the target, driven in particular by a strong rise in the United States and Italy,
- adjusted operating margin before acquisitions (at 2015 scope of operations) stood at 19.7% and exceeded the high end of the raised target (19.6%), and
- CSR roadmap achievement rate reached 122%.

Legrand reported a solid integrated performance in 2016:

- all financial indicators are on the rise, including consolidated sales up +4.3%, adjusted operating profit up +5.2% and adjusted(1) net income excluding minority interests up +3,0%;
- free cash flow stood at €673.0m or 13.4% of sales;
- with a 122% achievement rate for its 2014-2018 CSR roadmap, the Group is ahead of schedule.

More generally, these good showings demonstrate once again the Group's capacity to create value for all of its stakeholders.

Consolidated sales

Total sales for 2016 stood at €5,018.9m, up +4.3% from 2015. The impact of the broader scope of consolidation that resulted from acquisitions was +4.7%. At constant scope of consolidation and exchange rates, sales rose +1.8%, in line with the 2016 target, reflecting a +2.8% increase in mature countries and an -0.1% decline in new economies. The exchange-rate effect was -2.1%.

Adjusted operating profit and margin

Adjusted operating profit was up +5.2% in 2016 and stood at €978.5m, reflecting the Group's capacity to create value.

Thanks to a good operating performance against a backdrop of rising sales, adjusted operating margin before acquisitions (at 2015 scope of operations) came to 19.7% of sales, 0.4 point higher than the 2015 figure of 19.3%.

Taking acquisitions into account, the Group's adjusted operating margin stood at 19.5% of sales in 2016.

Net income excluding minority interests

Reflecting the Group's performance, adjusted(1) net income excluding minority interests was up +3.0% in 2016 and stood at €567.3m.

Cash generation and net debt

Cash flow from operations was robust in 2016 and stood at €791.4m or 15.8% of sales.

Investments and working capital requirement were under control at respectively 3.2% and 6.1% of 2016 sales. Investments as a

(1) 2016 adjusted net income excluding minority interests does not take into account the favorable non-recurring accounting impact of a tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2m tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance. However, these reductions in the corporate income tax rate, if maintained over time, should have a positive impact on the Group's tax rate.

percentage of sales are in line with the average observed over the past ten years and are consistent with Group's ambition (3% to 3.5% of sales over the long term). Working capital requirement expressed as a percentage of sales at the end of 2016 was temporarily at an exceptional low level compared with the past ten years, which makes a challenging basis for comparison in 2017.

Normalized free cash[(1)] flow stood at 12.4% of sales.

After paying a dividend amounting to over €300m and investing more than €400m in acquisitions (compared with over €250m in 2015), net financial debt stood at nearly €1bn at December 31, 2016, up more than €150m from December 31, 2015.

CSR Performance

For more information refer to chapter 4 of this Registration document.

Organic growth step up driven by innovation

Stepping up organic growth driven by innovation

Innovation-led initiatives, particularly ones involving digital technology, contributed to the acceleration of organic growth reported in 2016 (+1.8% compared with +0.5% in 2015).

Readers are reminded that, through the Eliot program, Legrand's ambitious target for 2014-2020 calls for double-digit average annual growth in sales of connected products. In 2016, it was ahead of schedule in achieving this goal, with nearly +40% total growth in sales of connected products. Altogether, sales linked to Eliot totaled almost €440m in 2016.

A number of initiatives during the year explain this strong performance. In particular, the Group:

- successfully pursued roll-out of its Digital Lighting Management systems and intelligent PDU[(2)] offerings in the United States;
- enriched its offer of connected products, in particular with the successful launch of Class 300X door entry systems;
- deployed Eliot in the United States (with launches planned in many other countries in 2017); and
- forged new partnerships with leading players in the Internet of Things, including in July 2016 with China's TCL, a world specialist in consumer goods, electronic equipment, and internet solutions.

Moreover, at the CES in Las Vegas in January 2017, Legrand announced the launch of its "Celiane with Netatmo" connected switch and socket solution that was recognized in the 2017 CES Innovations Design and Engineering Awards' Smart Home and Home Appliance categories.

More generally, Legrand is also continuing to renew other product families and in 2016 launched for instance:

- new Ekinox3 cabinets for residential and commercial buildings in India;
- the new Domino Sencia user interface range in Central and South America; and
- new configurable PDUs[(2)] in Europe, Africa and the Middle East.

Legrand invested a total of €248 million in R&D, or 4.9% of 2016 Group sales.

Active external growth: 8 acquisitions in 2016 (compared with 4 in 2015)

In 2016, Legrand actively pursued its strategy of self-financed bolt-on[(3)] acquisitions of companies with leading positions or proven technological expertise. The Group thus acquired eight companies (compared with four in 2015) representing annual sales of over €170m and strengthening the Group's positions with:

- over 80% of acquired sales generated by companies with no. 1 or 2 positions, and
- six out of eight acquisitions in new business segments[(4)] offering high growth potential.

Legrand intends to maintain an active external growth policy in 2017 and recently announced its first deal of the year, purchasing OCL[(5)], a specialist in lighting solutions for commercial and premium residential buildings in the United States. OCL has around 60 employees and reports annual sales of about $15m, mostly in the United States.

Based on acquisitions announced and their likely date of consolidation, the contribution of the broader scope of consolidation to Group growth should be over +1.3% in 2017.

(1) Normalized free cash flow is defined as the sum of net cash from operating activities—based on a normalized working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

(2) Power Distribution Unit.

(3) Small- to mid-size acquisitions that complement Legrand's activities.

(4) Energy efficiency, digital infrastructures, home systems and assisted living.

(5) Original Cast Lighting.

5.3 - OPERATING INCOME

5.3.1 - Introduction

The Group reports its finances and operating results on the basis of five geographic zones corresponding to the region of origin of sales. Information relating to operating results and finances for each of these five geographic zones is presented for 2015 and 2016 in Note 2.2 to the consolidated financial statements shown in chapter 8 of this Registration Document. Each zone represents either a single country or the consolidated results of a number of countries. These five geographic zones are:

- France;
- Italy;
- Rest of Europe mainly including Benelux (including particularly Belgium and the Netherlands), Germany, Iberia (including Spain and Portugal), Poland, Russia, Turkey and the UK;
- North and Central America including Canada, Mexico, the United States and other Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

Since local market characteristics are the determining factor in Legrand's performance and net sales by zone, consolidated financial information for multi-country zones does not reflect the financial performance of each national market. Furthermore, for most regions, products may be manufactured and sold locally, or instead be imported from or exported to another Group's entity. These factors may distort comparisons of results in various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results hereafter focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

5.3.2 - Main factors affecting Group results

5.3.2.1 NET SALES

Markets in the countries and regions where Legrand operates have their own features, essentially as a result of local economic conditions and lifestyles, which affect the scale of renovation and new construction of homes, stores and office buildings, as well as the level of corporate investment in industrial facilities. Other factors include how buildings are used, in particular linked to new technologies.

Changes in consolidated net sales principally reflect the following factors:

- changes in sales volume (*i.e.*, the number of products sold in each period) due to changes in product demand and business levels in all markets;
- product mix;
- changes in sales prices (including discounts and rebates, cash discounts for prompt payment, general price changes relating to local market conditions, and specific price changes, such as those designed to pass on inflation in all costs);
- fluctuations in exchange rates between the euro and the different billing currencies, which affect the level of consolidated net sales after conversion; and
- changes in the subsidiaries consolidated by Legrand, mainly as a result of acquisitions or disposals (which are referred to as "changes in the scope of consolidation").

The table below presents a breakdown by geographic zone of the Company's consolidated net sales (by destination: market where customer are based) for the years ended December 31, 2016 and 2015. Sales "by destination" means all sales by the Group to third parties in a given geographic market.

	Year ended December 31			
	2016		2015	
(in € millions, except %)	€	%	€	%
Net sales by destination				
France	871.5	17.4	892.4	18.6
Italy	493.6	9.8	470.8	9.8
Rest of Europe	873.9	17.4	824.8	17.1
North and Central America	1,467.1	29.2	1,247.8	25.9
Rest of the World	1,312.8	26.2	1,374.1	28.6
TOTAL	**5,018.9**	**100.0**	**4,809.9**	**100.0**

5.3.2.2 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

In the discussion below, changes in net sales are analyzed by distinguishing variations due to changes in the scope of consolidation, organic growth (changes in net sales "using constant scope of consolidation and exchange rates"), and the impact of exchange-rate variations between the euro and other currencies. The Company believes that this measure is a useful tool for analyzing changes and trends in its historical consolidated net sales over different periods. Measures of organic growth are computed by making the following adjustments.

5.3.2.2.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income only for the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope of consolidation takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the acquired entity.

5.3.2.2.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope of consolidation takes into account the sales of the acquired company, based on sales data for the acquired company prepared in a manner consistent with accounting policies, for the portion of the previous year during which it was not consolidated.

5.3.2.2.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account the sales of the divested company during the period of the previous year corresponding to the period of the current year after disposal.

5.3.2.2.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the divested company in the prior period.

5.3.2.2.5 Activity suspended during the current period

Where activities are suspended during the current period, the net sales of the activity suspended are reflected in the consolidated statement of income only for the period up to suspension. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account the sales of the activity suspended during the period of the previous year corresponding to the period of the current year after suspension.

5.3.2.2.6 Activity suspended during a prior period

Where activities were suspended during the prior period, the net sales of the activity suspended are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the activity suspended in the prior period.

5.3.2.2.7 Using constant exchange rates

Consolidated historical net sales include the effects of exchange rate differences between the euro and other currencies. To analyze the variation of consolidated net sales excluding the effects of these exchange rate changes, Legrand uses constant exchange rates (calculated by adjusting net sales reported for a given financial year using the exchange rates for the prior financial year) to compare year-to-year changes in net sales.

5.3.2.3 COST OF SALES

Cost of sales consists primarily of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 67% of consolidated cost of sales over the last two financial years. Likewise, on average approximately 72% of this cost relates to components and approximately 28% relates to raw materials. The breakdown between raw materials, components and semi-finished products varies according to product mix, trends in market prices and choices for industrial organization, in particular with the implementation of good practices ("Legrand way").

Legrand purchases some of its raw materials and components locally. However, Company policy is to increase the percentage of raw materials and components purchased by the Group on world markets in order to benefit from economies of scale. The cost of raw materials and components may also fluctuate with macro-economic trends.

Production costs. In general, these costs change on an aggregate basis in proportion to fluctuations in production volumes; they rise due to inflation and decline as a result of productivity initiatives and economies of scale associated with the increase in production volumes.

Other items included in production costs are:

- depreciation of fixed assets;
- subcontracted added value; and
- other general manufacturing expenses, such as expenses linked to energy consumption.

The main factors that influence cost of sales, in particular as a percentage of net sales, include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of raw materials and other components needed to manufacture a given product;
- changes in the prices of raw materials, components and semi-finished goods due to local or global economic conditions;
- effective purchasing following deployment of the cost-reduction policy through the centralization, internationalization and standardization of purchasing management at Group level;
- trends in inflation for other cost components (salaries, energy, etc.);
- depreciation of industrial capital expenditures needed to manufacture goods;
- initiatives aiming at improving Group operating efficiency, through the implementation of best practices designed to improve productivity and inventory management optimization; and
- product life cycles.

5.3.2.4 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling 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.

5.3.2.5 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 granted 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.

5.3.2.6 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense includes restructuring expense and other expense and provisions.

5.3.2.7 OPERATING INCOME

Operating income consists of net sales, less cost of sales, administrative and selling expense, research and development expense, and other operating expense.

5.3.2.8 OTHER FACTORS AFFECTING THE GROUP'S RESULTS

- The acquisition of Legrand France in 2002 and associated purchase accounting adjustments and transactions related thereto have affected net income. In particular, the significant intangible assets recorded in connection with the acquisition of Legrand France increased the amortization charges of the Group. The purchase accounting adjustments relating to the acquisition of Legrand France essentially concern the revaluation of trademarks that are being amortized on a straight-line basis until 2021 at the latest, and patents, amortized on a declining-balance basis until 2011.
- Acquisitions made since 2002 have also had an impact on the Group's net income. This is because intangible assets revalued as part of the purchase-price allocation of entities acquired generate additional amortization.

5.4 YEAR-ON-YEAR COMPARISON: 2016 AND 2015

	Year ended December 31	
(€ millions)	**2016**	**2015**
Net sales	**5,018.9**	**4,809.9**
Operating expense		
Cost of sales	(2,381.0)	(2,333.5)
Administrative and selling expense	(1,364.7)	(1,310.3)
Research and development expense	(237.7)	(216.1)
Other operating income (expense)	(101.5)	(63.3)
Operating income	**934.0**	**886.7**
Financial expense	(101.3)	(93.7)
Financial income	10.9	11.0
Exchange gains (losses)	6.5	6.0
Financial profit (loss)	**(83.9)**	**(76.7)**
Income before taxes	**850.1**	**810.0**
Income taxes	(218.6)*	(258.0)
Share of profits (losses) of equity-accounted entities	(1.3)	0.0
Net income for the year	**630.2***	**552.0**
Net income attributable to:		
■ **Legrand**	**628.5***	**550.6**
■ **Minority interests**	**1.7**	**1.4**

* *For full-year 2016, net income for the year, net income excluding minority interests and income tax expense shall be read respectively €569.0 million, €567.3 million and €(279.8) million, once adjusted for the favorable non-recurring accounting impact representing a €61.2 million tax income, coming from the announcement of reductions in the corporate income tax rates, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.*

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions, and, where applicable, for impairment of goodwill) and maintainable adjusted operating income (*i.e.*, excluding restructuring charges) for the periods under review.

	Year ended December 31	
(in € millions)	**2016**	**2015**
Net income for the year	**630.2***	**552.0**
Share of profits (losses) of equity-accounted entities	1.3	0.0
Income taxes	218.6*	258.0
Exchange (gains) losses	(6.5)	(6.0)
Financial income	(10.9)	(11.0)
Financial expense	101.3	93.7
Operating income	**934.0**	**886.7**
Acquisition-related amortization and expense/income	44.5	43.7
Impairment of *goodwill*	0.0	0.0
Adjusted operating income	**978.5**	**930.4**
Restructuring charges	25.1	28.0
Maintainable adjusted operating income	**1,003.6**	**958.4**

* *For full-year 2016, net income for the year and income tax expense shall be read respectively €569.0 million and €(279.8) million, once adjusted for the favorable non-recurring accounting impact representing a €61.2 million tax income, coming from the announcement of reductions in the corporate income tax rates, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.*

5.4.1 - Net sales

Consolidated net sales rose by 4.3% to €5,018.9 million in 2016 compared with €4,809.9 million in 2015, reflecting:

- a +4.7% increase in net sales due to changes in scope of consolidation from 2015 to 2016. This relates in particular to the first-time consolidation in 2016 of Primetech (Italy) for 11 months, Fluxpower (Germany) for 11 months, Pinnacle (USA) for 8 months, Luxul Wireless (USA) for 8 months, Jontek (UK) for 8 months, Trias (Indonesia) for 8 months, CP Electronics (UK) for 7 months and Solarfective (Canada) for 5 months;
- a +1.8% organic rise in sales, in line with 2016 target; and
- a -2.1% decline in net sales due to changes in exchange rates from 2015 to 2016.

5.4.1.1 ANALYSIS OF CHANGES IN NET SALES BY DESTINATION FROM 2015 TO 2016

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 2015 and 2016.

	Year ended December 31					
Net sales *(in € millions except %)*	**2016**	**2015**	**Total change**	**Scope of consolidation**	**Organic growth**	**Impact of exchange rates**
France	871.5	892.4	(2.3)%	0.3%	(2.7)%	0.0%
Italy	493.6	470.8	4.8%	1.4%	3.4%	0.0%
Rest of Europe	873.9	824.8	6.0%	5.1%	5.2%	(4.2)%
North and Central America	1,467.1	1,247.8	17.6%	12.0%	5.8%	(0.8)%
Rest of the World	1,312.8	1,374.1	(4.5)%	1.7%	(2.1)%	(4.0)%
CONSOLIDATED TOTAL	**5,018.9**	**4,809.9**	**4.3%**	**4.7%**	**1.8%**	**(2.1)%**

Comments below concern sales by destination.

France. Sales declined 2.3% in 2016 to €871.5 million compared with €892.4 million in 2015. This resulted from a -2.7% organic change in sales which was partially offset by a change in the scope of consolidation that contributed +0.3% due primarily to the consolidation of IME's French operations for twelve months in 2016. As observed in 2016, the improvement in leading indicators for new residential construction, which accounts for between 15% and 20% of sales in France, should be reflected in Legrand's business over the next few quarters.

Italy. Sales increased by 4.8% at €493.6 million in 2016 compared to €470.8 million in 2015. This stems from a 3.4% organic rise, buoyed by the success of new Class 300X connected door entry systems, and more particularly, in the first half alone, by one-off projects in energy distribution. Excluding these two one-offs, organic growth in sales in Italy would come to around +2%, in line with the estimated market trend. Beyond this 3.4% organic growth, sales benefit from a positive scope effect with a 1.4% boost from the consolidation of IME over 12 months in 2016 and of Primetech over 11 months.

Rest of Europe. Sales in the Rest of Europe increased by 6.0% at €873.9 million in 2016 compared with €824.8 million in 2015. This reflected +5.2% organic growth. Countries in Eastern Europe turned in good showings for the year as a whole. Sales also rose sharply in several mature countries in the region, more particularly in Southern Europe[1], as well as in the United Kingdom (around 2.4% of total Group sales[2]), Germany, Austria and Belgium.

Finally, sales in Turkey were down due to the political situation in the country. In addition to organic growth of +5.2%, sales were boosted +5.1% by the consolidation of new acquisitions in 2016 in particular CP Electronics and Jontek for respectively 7 and 8 months and reduced by an unfavorable 4.2% exchange-rate impact.

North and Central America. Sales in the North and Central America region rose 17.6% to €1,467.1 million in 2016, compared with €1,247.8 million in 2015. The increase resulted from organic sales growth of 5.8%; from a 12.0% rise in scope reflecting primarily the consolidation of Pinnacle and Luxul for 8 months, of Solarfective for 5 months and of Raritan for an additional 9 months in 2016; and from an unfavorable exchange-rate effect of 0.8%. Globally, this rise was driven by good performances in the United States, where organic growth reached +5.6%, buoyed notably by the success of the *Digital Lighting Management* offering and good showings in non-residential construction. In the second half more particularly, one-off load-in in the retail business also contributed to strong growth. Excluding one-offs, full-year organic growth in the United States was nearly +3%. Other countries in the region, including Mexico, also reported a good rise in sales.

Rest of the World. Sales in the Rest of the World zone declined 4.5% to €1,312.8 million in 2016 compared with €1,374.1 million in 2015. This resulted from a -2.1% organic change which was partially offset by 1.7% change in scope of consolidation—due primarily to Trias (Indonesia), consolidated for 8 months, and to Raritan, consolidated for an additional 9 months in 2016—and from an unfavorable exchange-rate effect of 4.0%. A number of countries including India, Chile and Colombia reported strong

(1) Southern Europe = Spain + Greece + Portugal.

(2) Based on average exchange rates for 2016 and annual sales of the last acquisitions.

organic showings for the year as a whole. Organic sales in North Africa[1] were also up in 2016. These good results could not offset organic declines in activity in some other countries, including Brazil and certain countries in Asia and the Middle East. In China, full-year organic sales were steady compared with 2015, sustained by one-off government measures in the first quarter.

5.4.1.2 BREAKDOWN OF CHANGES IN NET SALES BY ORIGIN FROM 2015 TO 2016

The following table presents the breakdown of changes in net sales to third parties as reported by zone of origin between 2015 and 2016.

	Year ended December 31					
Net sales *(in € millions except %)*	**2016**	**2015**	**Total change**	**Scope of consolidation**	**Organic growth**	**Impact of exchange rates**
France	977.8	1,013.1	(3.5)%	0.8%	(4.2)%	0.0%
Italy	529.4	505.2	4.8%	1.7%	3.0%	0.0%
Rest of Europe	844.6	808.5	4.5%	4.7%	4.5%	(4.5)%
North and Central America	1,496.7	1,278.6	17.1%	12.0%	5.3%	(0.7)%
Rest of the World	1,170.4	1,204.5	(2.8)%	1.4%	0.2%	(4.4)%
CONSOLIDATED TOTAL	**5,018.9**	**4,809.9**	**4.3%**	**4.7%**	**1.8%**	**(2.1)%**

5.4.2 - Cost of sales

The consolidated cost of sales rose 2.0% to €2,381.0 million in 2016 compared with €2,333.5 million in 2015, mainly as a result of:

- consolidation of new acquisitions; and
- the increase in volume of raw materials and components consumed as production increased.

These were partly offset by:

- lower raw material and component prices in 2016 than in 2015;
- ongoing efforts to raise productivity and adjust to changing conditions.

The cost of sales thus represents 47.4% of total revenue in 2016 compared with 48.5% in 2015.

5.4.3 - Administrative and selling expense

Consolidated administrative and selling expense increased by 4.2% to €1,364.7 million in 2016 compared with €1,310.3 million in 2015, primarily due to:

- ongoing investments in growing activities; and
- consolidation of new acquisitions.

These were partly offset by:

- ongoing efforts on productivity initiatives.

Administrative and selling expense expressed as a percentage of sales stood at 27.2% both years.

5.4.4 - Research and development expense

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, €34.6 million in development expense was capitalized

(1) North Africa = Algeria + Egypt + Morocco + Tunisia.

in 2016 compared to €27.4 million in 2015. Amortization charges for capitalized development costs amounted to €27.1 million in 2016, compared to €26.3 million in 2015.

Consolidated research and development expense totaled €237.7 million in 2016 and €216.1 million in 2015. Excluding the impact of the capitalization of development costs and the tax credit for research and development, R&D expenditure came to €248.0 million in 2016 (4.9% of net sales) compared to €222.5 million in 2015 (4.6% of net sales).

In 2016, R&D operations had close to 2,200 employees in around 18 countries.

5.4.5 - Other operating income and expense

In 2016, other operating income and expense totaled €101.5 million, compared to €63.3 million in 2015. This rise stems partly from an increase in expenses linked to the implementation of productivity and restructuring initiatives.

5.4.6 - Operating income

Consolidated operating income edged up 5.3% to €934.0 million in 2016 compared to €886.7 million in 2015, due primarily to:

- a 4.3% increase in sales;
- a 2.0% increase in cost of sales;
- a 5.0% rise in administrative, sales and R&D expense; and
- a €38.2 million rise in other operating income and expense.

As a percentage of sales, operating income stands at 18.6% in 2016 compared with 18.4% in 2015.

5.4.7 - Adjusted operating income

Adjusted operating income is defined as operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions and, where applicable, for impairment of goodwill. Adjusted operating income rose 5.2% to €978.5 million in 2016 compared with €930.4 million in 2015, broken down geographically as follows (as indicated in 5.3.1, consolidated financial information for multi-country zones does not reflect the financial performance of each national market):

- a 4.6% decline in France to €209.1 million or 21.4% of sales in 2016, compared with €219.1 million or 21.6% in 2015;
- a 13.1% rise in Italy, to €182.5 million or 34.5% of sales in 2016, compared to €161.4 million or 31.9% in 2015;
- an 11.9% rise in the Rest of Europe zone. This sets the total figure for 2016 at €138.8 million compared with €124.0 million in 2015, or 16.4% of sales in 2016 compared with 15.3% in 2015;
- a 16.8% rise to €284.1 million in the North and Central America zone in 2016, up from €243.2 million in 2015, representing 19.0% of sales both years; and
- a 10.2% decline in the Rest of the World zone, for a total of €164.0 million compared to €182.7 million in 2015, representing 14.0% of sales in 2016 compared to 15.2% in 2015.

Adjusted operating margin before acquisitions (at 2015 scope of operations) came to 19.7% of sales in 2016, 0.4 point higher than the 2015 figure of 19.3% and exceeding the high end of the 2016 raised target of 19.6%. Taking acquisitions into account, the Group's adjusted operating margin stood at 19.5% of sales in 2016.

5.4.8 - Net financial expense

Net financial expense principally corresponds to financial expense related to Yankee bonds; the 2010, 2011, 2012 and 2015 bond issues; the 2011 credit facility amended in 2014; and other bank borrowings (for a description of these arrangements, see paragraph 5.5 of this chapter), less financial income arising from the investment of cash and cash equivalents.

Net financial expense rose 9.3% to €90.4 million in 2016 compared to €82.7 million in 2015, and represents 1.8% of net sales in 2016 compared to 1.7% in 2015.

5.4.9 - Exchange gains and losses

Exchange gains and losses correspond mainly to translation differences recognized on settlement of foreign currency transactions, as well as the translation impact at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies.

Exchange gains came to €6.5 million in 2016, compared with gains of €6.0 million in 2015.

5.4.10 - Income taxes

In 2016 Legrand's pre-tax income amounted to €850.1 million, up from €810.0 million in 2015. This was attributable to a rise in operating income and exchange gains that were partly offset by increased net financial expense.

Consolidated income taxes amounted to €218.6 million in 2016, but shall be read €279.8 million once adjusted for the favorable non-recurring accounting impact representing a €61.2 million tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2m tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.

Compared to €258.0 million in 2015, 2016 income taxes expense after adjustments (as described in the previous paragraph) of €279.8 million increased by €21.8 million and is essentially attributable to a rise in the Group's pre-tax income combined with a rise in the effective tax rate from 31.9% in 2015 to 32.9% in 2016.

5.4.11 - Net income

In 2016, consolidated net income shall be read €569.0 million once adjusted for the favorable non-recurring accounting impact representing a €61.2 million tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2m tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.

Adjusted for the €61.2m tax income described above, net income amounted to €569.0 million in 2016 (€17.0 million increase compared with 2015) and reflects:

- a €47.3 million increase in operating income; and
- an €0.5 million improvement in exchange gains,

offset by:

- a €7.7 million rise in net financial expense;
- a €21.8 million rise in income tax expense; and
- a €1.3 million decline in share of profits of equity-accounted entities.

When unadjusted for the €61.2 million tax income noted above, net income as reported stood at €630.2 million.

5.4.12 - Net income excluding minority interests

Adjusted net income(1) excluding minority interests rose +3.0% in 2016 (€16.7 million increase compared with 2015) and stood at €567.3m.

Net income excluding minority interests (none adjusted) stood at €628.5m.

5.5 - CASH FLOWS AND BORROWING

For information related to the share capital of the Company, investors should refer to Note 4.1 to the consolidated financial statements cited in chapter 8 of this Registration Document.

5.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2016 and 2015:

	Year ended December 31	
(in € millions)	**2016**	**2015**
Net cash from operating activities	831.8	796.2
Net cash from investing activities	(552.1)	(363.8)
Net cash from financing activities	(416.5)	(70.8)
Translation net change in cash and cash equivalents	(9.0)	(1.7)
Increase (decrease) in cash and cash equivalents	(145.8)	359.9

For a detailed analysis of cash flows, investors should refer to the consolidated statement of cash flows provided in the Group's consolidated financial statements.

5.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled €831.8 million at December 31, 2016, compared with €796.2 million at December 31, 2015. This €35.6 million rise was attributable to a €5.8 million decrease in working capital requirement and a €41.4 million rise in cash flow from operations (defined as net cash from operating activities excluding changes in working capital requirement).

5.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the year ended December 31, 2016 amounted to €552.1 million, compared with €363.8 million for the year ended December 31, 2015. This increase was primarily due to the acquisition of subsidiaries, and to a lesser extent to a rise in capital expenditure.

The amount of acquisitions (net of cash acquired) as well as non-controlling interests totaled €430.8 million in 2016 (compared with €252.9 million in 2015). It includes €407.4 million for acquisitions of subsidiaries (net of cash acquired), comprised in the net cash from investing activities and €23.4 million for acquisition of non-controlling interests included in the net cash from financing activities.

(1) 2016 adjusted net income excluding minority interests does not take into account the favorable non-recurring accounting impact of a tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2m tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance. However, these reductions in the corporate income tax rate, if maintained over time, should have a positive impact on the Group's tax rate.

Capital expenditure and capitalized development costs amounted to €160.9 million for the year ended December 31, 2016 (of which €34.6 million related to capitalized development costs), compared with €133.4 million in 2015 (of which €27.4 million related to capitalized development costs), or a rise of 20.6%.

5.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €416.5 million in 2016, compared with €70.8 million in 2015. This was primarily due to an increase in 2015 in borrowing through a new 12-year €300 million bond issue.

5.5.2 - Debt

The Group's gross debt (defined as the sum of short-term and long-term borrowings) amounted to €1,897.1 million at December 31, 2016, compared to €1,891.1 million at December 31, 2015. Cash and cash equivalents and marketable securities amounted to €940.1 million at December 31, 2016, compared with €1,088.4 million at December 31, 2015. Net financial debt (defined as gross debt, less cash and cash equivalents and marketable securities) amounted to €957.0 million at December 31, 2016, compared to €802.7 million at December 31, 2015.

The ratio of net debt to shareholders' equity was 24% at December 31, 2016, compared with 21% at December 31, 2015.

At December 31, 2016, the Group's gross debt consisted of the following:

- €1,400.0 million in bonds issued in February 2010, March 2011, April 2012 and December 2015;
- €368.8 million in Yankee Bonds;
- €128.3 million in other debt, consisting mainly of bank borrowings, overdrafts and debt related to acquisitions, net of debt issuance costs.

The repayment schedule for the non-current portion of this borrowing appears in Note 4.6.1 to the consolidated financial statements referred to in chapter 8 of this Registration Document.

Cash and cash equivalents (€940.1 million at December 31, 2016 and €1,085.9 million at December 31, 2015) consist primarily of very short-term bank deposits and so, counterparty risk is monitored very closely.

A description of credit facility contracts is presented in Note 4.6.1 to the consolidated financial statements referred to in chapter 8 of this Registration Document.

5.6 - CAPITAL EXPENDITURE

Capital expenditure take into account the capitalization of some development costs pursuant to IAS 38.

In 2016, capital expenditure and capitalized development expense amounted to €160.9 million or 3.2% of consolidated net sales, compared with €133.4 million and also 2.8% in 2015.

Capital expenditure consists mainly of investment in new products, in productivity and commercial means. Meanwhile, the Group is pursuing ongoing initiatives to control capital employed.

5.7 - OFF BALANCE SHEET COMMITMENTS

The Group does not have any off balance sheet arrangements that have or can be considered reasonably likely to have a current or future impact on its finances, revenues, expenses, results, operating income, cash, capital expenditure or capital reserves, and that would be material to investors. (See Note 5.3 to the consolidated financial statements referred to in chapter 8 of this Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

5.8 - CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2016.

At December 31, 2016	Payments due by period				
(in € millions)	Total	< 1 year	1-3 years	3-5 years	> 5 years
Borrowings	1,886.2	345.1	455.4	16.9	1,068.8
Capital lease obligations	10.9	1.3	3.2	2.9	3.5
Operating leases	203.4	49.0	74.2	45.4	34.8
TOTAL CONTRACTUAL OBLIGATIONS	**2,100.5**	**395.4**	**532.8**	**65.2**	**1,107.1**

5.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2016, approximately 62% 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 2012 through 2016, 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
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
2015	0.92	0.90	0.95	0.83
2016	0.95	0.90	0.96	0.87

(1) The average exchange rate for the euro is calculated as the average monthly figures for the relevant year-long period.

Readers are referred to Note 5.1.2.2 appended to the consolidated financial statements mentioned in chapter 8 of the present Registration Document for a description of management of exchange risk.

5.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk;
- counterparty risk; and
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. Transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity price risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Deployment is managed by the Financing and Treasury Department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and the Group's senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in Note 5.1.2 appended to the consolidated financial statements referred to in chapter 8 of this Registration Document.

5.11 - SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements:

- intangible assets;
- fair value of financial instruments;
- accounting for stock option plans;
- employee benefits;
- deferred taxes; and
- use of estimates.

These policies include significant estimates made by management using information available at the time the estimates are made. A more detailed description of the main accounting policies used by the Company in preparing its consolidated financial statements is included in notes to the consolidated financial statements referred to in chapter 8 of this Registration Document, and in particular in Note 1.2.3.

5.12 - NEW IFRS PRONOUNCEMENTS

Since 2015, main standards and interpretations published by the IASB but not yet compulsory were as follows:

- IFRS 9 — Financial Instruments;
- IFRS 15 — Revenue from Contracts with Customers; and
- IFRS 16 — Leases.

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in Note 1.2.1 to the consolidated financial statements referred to in chapter 8 of this registration document.

5.13 - TRENDS AND PROSPECTS

Macroeconomic projections for 2017 call for a gradual improvement in the economic environment. Against this backdrop and taking into account high bases for comparison for business in the United States and Italy, the Group intends to pursue its strategy of value-creative growth in 2017.

Legrand thus sets 2017 targets for:

- organic growth in sales of between 0% and +3%; and
- adjusted operating margin before acquisitions (at 2016 scope of consolidation) of between 19.3% and 20.1% of sales.

Legrand will also pursue its strategy of value-creating acquisitions.

5.14 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in € millions except number of shares, earnings per share and number of employees)	2012	2013	2014	2015	2016
End of period share capital					
Share capital	1,057.5	1,062.4	1,065.4	1,067.7	1,069.3
Number of shares	264,374,875	265,590,517	266,357,615	266,930,602	267,327,374
Earnings					
Net sales	4,466.7	4,460.4	4,499.1	4,809.9	5,018.9
Earnings before tax, depreciation and amortization	920.9	935.2	937.2	979.7	1,025.1
Income taxes	(247.6)	(233.5)	(238.4)	(258.0)	(218.6)
Net income	507.0	533.3	533.3	552.0	631.5
Dividends paid	245.0	265.1	279.3	293.1	307.1
Earnings per share(1)					
Earnings before tax, depreciation and amortization	3.496	3.530	3.527	3.678	3.848
Profit attributable to equity holders of Legrand	1.920	2.002	2.001	2.067	2.359
Dividend per share	0.93	1.00	1.05	1.10	1.15
Personnel					
End of period number of employees	33,079	33,272	33,556	32,667	32,722
Personnel costs	1,155.8	1,143.5	1,170.8	1,256.3	1,299.1

(1) Earnings per share are computed on the basis of the number of circulating ordinary shares during the period, or 263,401,182 shares in 2012, 264,932,592 shares in 2013, 265,703,963 shares in 2014, 266,375,725 shares in 2015 and 266,395,359 shares in 2016.

5.15 - SELECTED FINANCIAL INFORMATION

The selected financial information for the years ended December 31, 2016, 2015 and 2014 has been drawn from the consolidated financial statements prepared in accordance with IFRS which can be found in chapter 8 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information in tandem with the information in the Group's consolidated financial statements, the Notes thereto (included in chapter 8 of this Registration Document) and all other financial information included elsewhere in this Registration Document.

(in millions of euros except %)	2016	2015	2014
Revenue	**5,018.9**	**4,809.9**	**4,499.1**
Total sales growth	+4.3%	+6.9%	+0.9%
Sales growth at constant scope of consolidation and exchange rates	+1.8%	+0.5%	+0.5%
EBITDA(1)	**1,109.0**	**1,056.4**	**1,013.0**
Maintainable EBITDA(2)	1,134.1	1,084.4	1,034.7
Adjusted operating income(3)	**978.5**	**930.4**	**880.4**
As a percentage of sales	19.5%	19.3%	19.6%
Maintainable adjusted operating income(2)	1,003.6	958.4	902.1
Adjusted net income excluding minority interests(4)	**567.3**	**550.6**	**531.7**
As a percentage of sales	11.3%	11.4%	11.8%
Net income(5)	**630.2**	**552.0**	**533.3**
As a percentage of sales	12.6%	11.5%	11.9%
Free Cash flow(6)	**673.0**	**666.0**	**607.4**
As a percentage of sales	13.4%	13.8%	13.5%
Normalized Free Cash flow(7)	623.9	617.2	607.5
As a percentage of sales	12.4%	12.8%	13.5%
Net financial debt at December 31(8)	**957.0**	**802.7**	**855.6**

(1) EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs) and impairment of goodwill.

(2) Maintainable EBITDA and maintainable adjusted operating income are used to analyze EBITDA and adjusted operating income excluding the impact of restructuring costs (including capital gains or losses on the sale of assets).

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

(4) 2016 adjusted net income excluding minority interests does not take into account the favorable non-recurring accounting impact of a tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2m tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance. However, these reductions in the corporate income tax rate, if maintained over time, should have a positive impact on the Group's tax rate.

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

(6) Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

(7) Normalized free cash flow is defined as the sum of net cash from operating activities—based on a normalized working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered—and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

(8) Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

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

(in millions of euros)	2016	2015	2014
Net income	**631.5**	**552.0**	**533.3**
Income taxes	218.6	258.0	238.4
Exchange (gains)/losses	(6.5)	(6.0)	(1.5)
Financial income	(10.9)	(11.0)	(8.6)
Financial expense	101.3	93.7	85.9
Operating income	**934.0**	**886.7**	**847.5**
Amortization and depreciation of tangible assets	97.1	97.4	94.5
Amortization and depreciation of intangible assets (including capitalized development costs) and impairment of goodwill	77.9	72.3	71.0
EBITDA	**1,109.0**	**1,056.4**	**1,013.0**
Restructuring costs	25.1	28.0	21.7
Maintainable EBITDA	**1,134.1**	**1,084.4**	**1,034.7**

The table below shows a reconciliation of the Group's adjusted operating income and maintainable adjusted operating income with net income and operating income:

(in millions of euros)	2016	2015	2014
Net income	**631.5**	**552.0**	**533.3**
Income taxes	218.6	258.0	238.4
Exchange (gains)/losses	(6.5)	(6.0)	(1.5)
Financial income	(10.9)	(11.0)	(8.6)
Financial expense	101.3	93.7	85.9
Operating income	**934.0**	**886.7**	**847.5**
Amortization of revaluation of intangible assets at the time of acquisitions and expense/income relating to acquisitions	44.5	43.7	32.9
Impairment of goodwill	0.0	0.0	0.0
Adjusted operating income	**978.5**	**930.4**	**880.4**
Restructuring costs	25.1	28.0	21.7
Maintainable adjusted operating income	**1,003.6**	**958.4**	**902.1**

The table below shows a reconciliation of research and development expenditure with research and development expense:

(in millions of euros)	2016	2015	2014
Research and development expense	**(237.7)**	**(216.1)**	**(193.2)**
Amortization related to acquisition and R&D tax credit	(2.8)	(5.3)	(6.5)
Amortization of capitalized development costs	27.1	26.3	25.8
Research and development expense before capitalized development costs	**(213.4)**	**(195.1)**	**(173.9)**
Capitalized development costs	(34.6)	(27.4)	(29.0)
Research and development expenditure for the year	**(248.0)**	**(222.5)**	**(202.9)**

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)	2016	2015	2014
Net cash provided by/(used in) operating activities	**831.8**	**796.2**	**726.4**
Net proceeds from sales of fixed and financial assets	2.1	3.2	6.3
Capital expenditure	(126.3)	(106.0)	(96.3)
Capitalized development costs	(34.6)	(27.4)	(29.0)
Free cash flow	673.0	666.0	607.4
Increase (decrease) in working capital requirement	(40.4)	(46.2)	2.3
(Increase) decrease in normalized working capital requirement	(8.7)	(2.6)	(2.2)
Normalized free cash flow	**623.9**	**617.2**	**607.5**

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

(in millions of euros)	2016	2015	2014
Short-term borrowings	346.4	67.9	71.4
Long-term borrowings	1,550.7	1,823.2	1,513.3
Cash and cash equivalents and marketable securities	(940.1)	(1,088.4)	(729.1)
Net financial debt	**957.0**	**802.7**	**855.6**

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

(in millions of euros)	2016	2015	2014*
Share capital	1,069.3	1,067.7	1,065.4
Retained earnings	3,227.8	3,006.2	2,764.4
Translation reserves	(240.0)	(276.1)	(281.8)
Equity attributable to equity holders of Legrand	**4,057.1**	**3,797.8**	**3,548.0**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1 to the consolidated financial statements referred to in chapter 8 of 2015 Registration Document).*

CORPORATE GOVERNANCE

06

6.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance, as revised in November 2016 (the "**Code of Corporate Governance**"). This Code of Corporate Governance can be viewed on the Medef website: *www.medef.com*.

6.1.1 - Board of Directors

6.1.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

Principles

The current Articles of Association of the Company and the internal rules of the Board of Directors define the following principles:

- **number of Directors:** the Board of Directors has at least three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions (subject to the exception provided by law in the event of a merger);
- **term of office of Directors:** directors have a four-year term of office. This expires at the end of the Ordinary General Meeting of Shareholders convened to consider financial statements for the previous financial year and held in the year in which their term of office expires. They may be reappointed for consecutive terms without limit;
- **ownership of Legrand shares:** subject to legal exceptions, each Director must own at least five hundred shares, registered in his/her name, for the entire duration of his/her mandate. In the course of his/her term of office, 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;
- **age limit for Directors:** no one over the age of 70 may be appointed to the Board of Directors if such appointment means that more than a third of Board members will be over this age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the Ordinary General Meeting of the shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached;
- **office of Chairman of the Board of Directors:** the Chairman is appointed by the Board of Directors from among its members. He or she must be a physical person aged under 65 at the time of appointment. When the Chairman has reached this age limit, he/she is considered as having resigned at the end of the Ordinary General Meeting of Shareholders that approved the financial statements for the past financial year (held in the year this age limit is reached). The Chairman may be reelected. His/her compensation is determined by the Board of Directors;
- **office of Vice-Chairman of the Board of Directors:** the Board of Directors may appoint a Vice-Chairman if necessary. His/her role is to take the place of the Chairman if the latter is prevented from fulfilling his or her duties. The Vice-Chairman is subject to the same age limit as the Chairman;
- **lead Director:** the Board of Directors may appoint a lead director. In accordance with the Code of Corporate Governance, the lead director must be appointed from among the independent directors. This is a requirement if the roles of Chairman and Chief Executive Officer are performed by the same individual. If necessary, the Lead Director may directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justify holding an extraordinary meeting of the Board. Please see Section 6.1.2 "Lead Director" for details of the Lead Director's tasks and resources;
- **coopting:** when the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the Ordinary General Meeting of Shareholders thereafter.

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Current composition of the Board of Directors

Name	Main duties	Role on the Legrand Board	Nationality	Age	Gender	Independence	Other directorships in listed companies not affiliated with the Group(1)	Committee membership: Audit services	Committee membership: Appointments Governance	Committee membership: Compensation	Committee membership: CSR strategy	Date of first appointment	Expiry of term of office	Years served on the Board(2)
Gilles Schnepp	Legrand Chairman and Chief Executive Officer	Chairman and Chief Executive Officer	French	58	M		1				✓	12/10/2002	2018 Shareholders' General Meeting	14
François Grappotte	Companies Director	Honorary Chairman	French	80	M		0					12/10/2002	2018 Shareholders' General Meeting	14
Angeles Garcia-Poveda	EMEA Co-Managing Director, Spencer Stuart	Lead Director	Spanish	46	F	✓	0		✓ Chairwoman	✓ Chairwoman	✓	05/25/2012	2020 Shareholders' General Meeting	5
Olivier Bazil	Companies Director	Director	French	70	M		2		✓		✓	12/10/2002	2018 Shareholders' General Meeting	14
Christel Bories	Deputy CEO of Eramet	Director	French	52	F	✓	2	✓			✓ Chairwoman	05/25/2012	2020 Shareholders' General Meeting	5
Isabelle Boccon-Gibod	Companies Director	Director	French	48	F	✓	2	✓				05/27/2016	2020 Shareholders' General Meeting	1
Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer of SEB Group	Director	French	62	M	✓	2		✓			04/06/2006	2020 Shareholders' General Meeting	11
Dongsheng Li	Chairman and Chief Executive Officer and founder of TCL Corporation	Director	Chinese	59	M	✓	2					07/26/2012	2018 Shareholders' General Meeting	4
Annalisa Loustau Elia	Chief Marketing Officer of Printemps Group and member of its Executive Committee	Director	Italian	51	F	✓	1			✓		May 24, 2013	2017 Shareholders' General Meeting	4
Eliane Rouyer-Chevalier	Companies Director	Director	French	64	F	✓	0	✓ Chairwoman		✓		May 26, 2011	2019 Shareholders' General Meeting	6

(1) The term served at the Company was not taken into account for the calculation.
(2) At the date of the next General Meeting of Shareholders, i.e. May 31, 2017.

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. The biographies of the Company's directors can be found on pages 319-324 of the Company's Registration Document.

In addition, on the date of publication of this Registration Document and under the terms of an agreement with the unions, four representatives of the Central Works Council also attend meetings of the Company's Board of Directors in an advisory capacity.

Since the Company has fewer than 50 employees and does not have a Works Council, it does not fulfill all the criteria of article L. 225-27-1 of the French Commercial Code as drafted prior to Act No. 2015-994 of August 17, 2015. Consequently, there is no director serving on the Company's Board of Directors representing employees. However, in accordance with article L. 225-27-1 of the French Commercial Code as drafted prior to Act No. 2015-994 of August 17, 2015, a director was appointed to represent employees on the Board of Directors of Legrand France, a subsidiary of the Company, by the Central Works Council at its meeting on October 16, 2014, as this subsidiary fulfills the criteria set forth in that article. The term of office of the director representing employees will expire at the end of the Ordinary General Meeting of Shareholders of Legrand France convened in 2018 to approve the financial statements for the financial year ending December 31, 2017. After that date, the Company (Legrand SA) will come within the scope of application of article L. 225-27-1 of the French Commercial Code in its current form which requires the presence of one or more directors on the Board of Directors to represent employees (the number of directors representing employees being determined based on the size of the Board of Directors, in accordance with statutory regulations).

Since 2011, Directors' terms of office have gradually been staggered, as reflected in the following table:

	2017 Shareholders' General Meeting	2018 Shareholders' General Meeting	2019 Shareholders' General Meeting	2020 Shareholders' General Meeting
Number of directorships due for renewal	1	4	1	4

Absence of convictions or conflicts of interest

On the date this Registration Document was filed and as far as the Company is aware, none of the Company Directors:

- have family links with other Company directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies);
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal rules. This Directors' Charter sets forth the rights and obligations of the directors and is binding upon each director.

Pursuant to the provisions of the Directors' Charter, directors undertake (i) to apprise the Lead Director and the Board of any actual or potential conflict of interest, to abstain from related discussions and votes and (ii) to avoid any personal engagement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent.

In addition, the Board of Directors' internal rules lay down the requirements for preventing and managing conflicts of interest. Specifically, they state that the Company's Lead Director is responsible for preventing conflicts of interest from arising by conducting awareness-raising initiatives on the existence of facts likely to lead to such conflicts. Accordingly, the Lead Director is informed by each director of any actual or potential conflict of interest, and reports on these to the Board, as he/she does on any actual or potential conflict of interest which he/she may detect independently.

No actual or potential conflict of interest was reported to the Lead Director or to the Board of Directors. As far as the Company is aware, no conflict of interest currently exists.

Furthermore, the Company's Chairman 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.

In this regard, the internal rules of the Company's Board of Directors lists the independence criteria set forth in the Code of Corporate Governance. Pursuant to the provisions of the Board's internal rules and those of the Code of Corporate Governance, an independent director must not:

- be or have been in the past five years:
  - an employee or executive officer of the Company or Group,

- an employee, executive officer or director of a company consolidated within the Company,
- an employee, executive officer or director of the Company's parent company or of a company consolidated by that parent company;

- be an executive officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive officer of the Company (currently in office or having held such office during the last past five previous years) is a director;
- be a customer, supplier, commercial banker or investment banker:
  - that is material to the Company or its Group,
  - or for a significant part of whose business the Company or its Group accounts; the evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the qualitative and quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitely stated in the annual report.
- be related by close family ties to a company officer of the Company or Group;
- have been a statutory auditor for the Company or a Group company in the course of the five previous years;
- have been a director of the Company for more than 12 years. Loss of the status of independent director occurs on the date at which this period of twelve years is reached;
- be a non-executive officer and receive variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group, other than directors' fees, with the exception of attendance fees.

Directors representing major shareholders of the Company may be considered as being independent, provided that these shareholders do not take part in control of the Company. However, when a director represents a shareholder of the Company directly or indirectly holding more than 10% of the Company's capital or voting rights, the Board of Directors, after receiving a report from the Nominating and Governance Committee, must systematically review his or her status as an independent director, with due regard for the Company's share ownership structure and the potential for conflicts of interest.

Procedure for the review of the status of independent Directors

In accordance with the internal rules of the Company's Board of Directors, the qualifications for independent directorships are discussed by the Nominating and Governance Committee with regard to the independence criteria defined above, and are approved by the Board of Directors when a director is appointed and annually for all directors. The findings of the Board's review are made available to shareholders.

Findings of the review conducted by the Nominating and Governance Committee and the Board on the criterion of business dealings between the Company and its directors

During the annual review of the qualification criteria for independent directors, the Nominating and Governance Committee and then the Board of Directors at their meetings of January 26 and March 15, 2017 analyzed the business dealings that could exist between the Group on the one hand, and each director or companies with which they are associated (as a customer, supplier, investment banker or financing banker) on the other hand.

To prepare its assessment, the Nominating and Governance Committee asked directors to complete an independence questionnaire. The Committee then analyzed the position of each director based on the responses given in order to:

- determine the existence of a business relationship; and, where applicable;
- assess whether or not this relationship was significant by applying qualitative criteria (context, background and structure of the relationship, and parties' respective powers) as well as quantitative criteria (material significance of the relationship to the parties).

The tests showed that none of the directors had business dealings with the Company, except for Mr. Dongsheng Li.

With regard to Mr. Dongsheng Li, business dealings between Legrand and the TCL Group, of which Mr. Dongsheng Li is chief executive officer, consist of:

- a trademark licensing agreement entered into in 2008 by two Chinese companies acquired by the Group and TCL;
- a technology agreement between Chinese subsidiary Legrand (Shanghai) Management Co Ltd, Legrand, and the TCL subsidiary Smart Home Technologies Co Ltd aimed at promoting communication and compatibility between their products and respective applications. This agreement is one of the collaborative arrangements set up by the Group with other companies or partnerships to promote the development of interoperable connected solutions (Nest, La Poste, Samsung, and so on).

The Nominating and Governance Committee noted that business relations between the two groups were limited to certain of their entities and to China.

In addition, the Committee noted that as regards the respective power of Legrand and Mr. Dongsheng Li:

- the Group's organizational structure meant that the Company did not get involved in business relationships formed between its various entities, which are managed locally;
- as a director, Mr. Dongsheng Li had no decision-making power within the Legrand Group in connection with establishing or maintaining these business relations.

Finally, the financial stakes involved are not material, either for Legrand or for the TCL group, since in 2016 they accounted less than 1/2 per mil of both groups' sales.

The Nominating and Governance Committee consequently qualified the business relationship between Legrand and Mr. Dongsheng Li as "non-material," both from a qualitative standpoint, given the nature of the business between Legrand and TCL, as presented above, and the absence of the parties' respective powers, and from a quantitative standpoint, given the low financial stakes involved for both groups. The Board of Directors subsequently approved the Nominating and Governance Committee's conclusion.

Findings of the review conducted by the Nominating and Governance Committee and Board concerning other independence criteria

After reviewing the individual position of each director with regard to the independence criteria discussed above, the Board of Directors, at its meeting on March 15, 2017 and on the recommendation of the Nominating and Governance Committee, repeated its assessment that Ms. Isabelle Boccon-Gibod, Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia, Ms. Eliane Rouyer-Chevalier, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li could be classified as independent directors:

	Non-independent Directors			Independent Directors						
Reviewed criteria	**Gilles Schnepp**	**Olivier Bazil**	**François Grappotte**	**Christel Bories**	**Angeles Garcia-Poveda**	**Isabelle Boccon-Gibod**	**Thierry de La Tour d'Artaise**	**Dongsheng Li**	**Annalisa Loustau Elia**	**Eliane Rouyer-Chevalier**
No employee or company officer status during the previous 5 years	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
No cross-Directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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.

With respect to the specialized committees:

- the Audit Committee has three members, all of whom are independent, therefore the percentage of independent directors is 100%. This is consistent with the Code of Corporate Governance, which recommends that at least two-thirds of the Committee's members should be independent directors;
- the Nominating and Governance Committee has three members, two of whom are independent, 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%.

As regards the lead director, his or her appointment complies with the Code of Corporate Governance, which recommends that the lead director be independent (see also Section 6.1.2).

Changes in the composition of the Board of Directors

Changes in the composition of the Board of Directors in 2016

In the course of the 2016 financial year, changes in membership of the Board of Directors were the following:

Date	End of term of office	Appointment	Reappointment
May 27, 2016	Gérard Lamarche	Isabelle Boccon-Gibod	Christel Bories Angeles Garcia-Poveda Thierry de La Tour d'Artaise

Ms. Christel Bories, who has been a Company's Board Director since 2012, is also Chairman of the Strategy and Social Responsibility Committee and a member of the Audit Committee. The Company benefits from her senior management experience with industrial groups and her expertise in strategy.

Ms. Angeles Garcia-Poveda, who has also served on the Company's board since 2012, is Lead Director and Chairman of the Nominating and Governance Committee, Chairman of the Compensation Committee, and a member of the Strategy and Social Responsibility Committee. The work of these bodies is enhanced by her contribution, in particular her skills in matters of compensation and governance as well as questions of strategy and senior management experience.

Mr. Thierry de La Tour d'Artaise, a Company director since 2006, is also a member of the Nominating and Governance Committee. As a long-standing board member, he is familiar with the Company, its area of business, and its challenges. Serving or having served on a number of boards of major groups, and being himself chief executive officer of a major industrial group, he offers the Board of Directors and Nominating and Governance Committee the benefit of this experience.

Consequently, the Board of Directors asked the General Meeting of Shareholders called for May 27, 2016 to reappoint these three directors for a four-year term. The shareholders voted in favor of these reappointments.

Following the non-reappointment of Mr. Gérard Lamarche, the Board wanted to enhance its membership by selecting someone with a background in industry along with recognized financial expertise and a sound knowledge of Anglo-Saxon culture. To this end, the Board of Directors (on the recommendation of the Nominating and Governance Committee) put forward the candidacy of Ms. Isabelle Boccon-Gibod for vote at the Company's General Meeting of Shareholders convened on May 27, 2016. The shareholders voted in favor of this appointment.

Directorship due for renewal in 2017

The directorship of Ms. Annalisa Loustau Elia expires in 2017. Ms. Loustau Elia has indicated that she wishes to stand for reelection.

Her experience in marketing and product development in the luxury, retail and consumer goods sectors means that Ms. Loustau Elia brings not only a complementary perspective to issues specific to the Company's business sector but also it to benefit from her expertise in mainstream strategic drivers. Her Italian nationality is also useful from the standpoint of the Group's historic presence in Italy.

Ms. Loustau Elia, a Company director since 2013, is also a member of the Compensation Committee.

As a result of the foregoing, the Board of Directors has proposed that the General Meeting of Shareholders convened for May 31, 2017 reappoint this director for a four-year term (see presentation of the agenda and draft resolutions in Appendix 4 of the Company's Registration Document).

Diversity of membership of the Board of Directors

Each year, the Board of Directors examines its composition and that of the specialized committees to ensure that the balance of members is correct, particularly in terms of diversity. It is constantly seeking to improve the gender balance, international dimension, skills diversity, international experience, expertise and independence of its members, so that it can assure shareholders and the market that it acts with the necessary independence and objectivity.

Subject to the approval of the annual Combined Ordinary and Extraordinary General Meeting of Shareholders convened for May 31, 2017 to renew the term of office of Ms. Annalisa Loustau Elia as a Company Director, the Board will comprise:

- **five women**, representing a proportion of 50%, which is higher than the minimum ratio provided for by the French Commercial Code (40% from 2017) and the ratio recommended by the Code of Corporate Governance (40% from 2016);
- **four different nationalities** – one Chinese, one Spanish, one Italian and seven French directors; and
- **seven independent directors**, representing a proportion of 70% of the Board, which is higher than the minimum ratio of 50% recommended by the Code of Corporate Governance.

In terms of gender balance, the Board welcomed the fact that the proportion of women on the Board increased from 25% at December 31, 2012 to 40% at May 24, 2013 and 50% at May 27, 2016, a rate that will be maintained if Ms. Annalisa Loustau Elia is reappointed as a director. The Board also looked favorably on the significant efforts made in recent years to become more international in terms of members and their experience.

For 2016, the Board of Directors considered directors' skills to be varied and complementary, with some directors having strategic skills suited to the general management of industrial groups, and others having financial competencies or more specific expertise, including investor communications, talent management, marketing and corporate social responsibility. Also, the participation on the Board of Directors of past and current representatives of Legrand's management ensures the Board enjoys a good level of knowledge of the Group and its workings.

With regard to its composition, the Board of Directors has received a number of Corporate Governance Awards organized by the French financial magazine AGEFI:

- on the occasion of the eleventh edition of the AGEFI Corporate Governance Awards, on September 24, 2014, Legrand was awarded the Silver Governance Award for the Composition of the Board of Directors. This award reflected recognition of several features of Legrand's Board, including the percentage of female members, the number of different nationalities among members, the provision of detailed information about Board members, the length of their terms of office, and their independence. On the same occasion, Legrand was also awarded the 2014 Corporate Governance Grand Prix and the Golden Governance Trophy for Dynamic Governance;
- on the occasion of the twelfth edition of the AGEFI Corporate Governance Awards, on September 16, 2015, Legrand once again won an award for the composition of its Board.

Given all these factors, the Board considered its composition in 2016 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.

For these reasons, and in view of the upcoming expiry of the directorship of Ms. Annalisa Loustau Elia, the Board has decided to support the reappointment of Ms. Annalisa Loustau Elia who is standing as a candidate for reelection for the reasons set out in the above paragraph, "Changes in the composition of the Board of Directors";

6.1.1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

The Company's Board of Directors has adopted, pursuant to the Articles of Association, internal rules designed to establish, within the framework of current legal and regulatory provisions and the Articles of Association, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors. The Board of Directors' internal rules, which include a Directors' Charter, are regularly updated and can be viewed on the Company's website: *www.legrand.com*.

The main rules relating to the organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

Missions and duties of the Board of Directors and of its Chairman

The Board of Directors carries out the missions that have been assigned to it by the law in order to act at all times in the corporate interest.

The Board of Directors rules on how the Company is managed.

The Board of Directors is authorized to allow the Chairman to issue special pledges on the issuing of bonds.

The Board of Directors may decide to set up specialized committees to consider matters submitted to them by the Board of Directors or its Chairman. It sets the composition and powers of its Committees which shall carry out their duties under its responsibility and without prejudice to the powers of the Board itself; these can never be delegated to the Committees.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

In consequence, it is in particular the duty of the Board:

- to consider and approve all decisions relating to significant strategic, economic, social, financial and technological issues for the Company and the Group and ensure that management puts them into effect;

- concerning the matters itemized below, to make related proposals to shareholders where they are subject to approval at General Meetings of Shareholders or to grant prior authorization to the Chief Executive Officer (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 rules in accordance with what is set forth below,
  - any proposal for the appointment of new members to the Board of Directors,
  - the listing of any financial instrument issued by the Company on a regulated market other than Eurolist by Euronext or any other financial instrument issued by the Company,
  - bankruptcy filings, appointment of an *ad hoc* authorized agent, liquidation, etc., any voluntary dissolution or agreed liquidation of the Company, and any decision that may result in the initiation of insolvency proceedings or the appointment of an *ad hoc* authorized agent,
  - any proposal for a decision entailing amendment of the Company's Articles of Association,
  - in the event of disputes, the conclusion of any agreements, settlements or arrangements, or acceptance of any compromise, where the amount concerned exceeds €100 million,
  - the grant of any surety on Company assets if the obligation for which surety is given or the assets pledged represents an amount in excess of €100 million,
  - and more generally, any material transaction outside the scope of the Legrand's stated strategy, where the amount concerned exceeds €100 million;
- to examine and approve the reports on the activities of the Board of Directors and its Committees to be included in the annual report;
- to examine and approve, at the proposal of the Nominating and Governance Committee, the presentation of Directors to be included in the annual report, in particular the list of independent directors, setting out the criteria applied;
- to co-opt directors where necessary, and present proposals for the reelection of directors to the Ordinary General Meeting of Shareholders;
- to discuss the performances of the executive officers (not in the presence of the interested parties) and determine, based on the recommendation of the Compensation Committee, the compensation due to executive officers and to apportion attendance fees;
- to deliberate on stock option and bonus share plans and all other share-based payments or compensation indexed on or otherwise linked to shares;
- to ensure that shareholders and investors receive a relevant balanced and instructive information about the strategy, development model, the consideration of non-financial issues that are of significance to the Company and its long-term outlook;
- to approve the management report, together with the sections of the annual report illustrating corporate governance and describing the compensation policy;

The Board of Directors alone has the power to amend its internal rules.

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the General Meeting of Shareholders. 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. Whenever the Board has not met for more than two months, at least one-third of the members of the Board of Directors may ask the Chairman to call a meeting of the Board to consider a particular agenda.

The Chairman is bound by the requests made to him/her under the previous paragraph.

Subject to the above, the agenda is decided by the Chairman and can only be set, if required, at the time of the meeting.

Notices are issued by any means, even verbally, at the registered office or in any other place indicated in the meeting notice, in France or abroad. The internal rules of the Company's Board of Directors state that meeting notices, which can be sent by the secretary of the Board of Directors, can be issued by letter, telex, telegram, fax, e-mail or verbally.

Where the notices of meeting so stipulate, Board meetings may be held by videoconference or teleconference, provided that these transmit at least the voices of participants and meet the technical requirements for the continuous and simultaneous relay of deliberations. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraphs.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman shall strive to issue meeting notices five days prior to the actual meeting. He/she shall also strive to take account of the agenda constraints of the Board members so as to ensure the presence of as many members as possible at each meeting.

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote. The Board may appoint a secretary who can be chosen from outside the shareholders and members.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (e.g., by telecommunication), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any technical incident that disrupted proceedings during a videoconference or teleconference;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors and its specialized committees

At least once a year, the Board of Directors debates of its operations (this involves a corresponding review of the Board's specialized committees) and an account of this is to be included in the Company's annual report so that shareholders are informed each year of the assessments carried out and, if applicable, of any steps taken as a result (see Section 6.1.1.3).

The assessment of the Board's operations and those of its specialized committees is supervised by the Lead Director.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with the documents necessary to consider items on Board meeting agendas, at least five days prior to the meetings.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

Directors receive all relevant information on significant events or transactions for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, even outside the presence of executive Officers. In the latter case, these should be given prior notice.

Board members are informed about market developments, the competitive environment, and most important issues at hand, including in the fields of corporate social and environmental responsibility.

Directors' training

Each Director may be provided, at the time of their appointment and throughout their term of office, with training relating to the specific features of the Company, its businesses and the sector it operates in.

New Directors are provided with an induction program aimed at facilitating their integration and assumption of their new duties. The induction program includes site guided tours and meetings with Group management.

To take the most recent appointment to the Board as an example, visits, presentations and meetings were organized after the appointment of Ms. Isabelle Boccon-Gibod as a director by the General Meeting of Shareholders of May 27, 2016, to familiarize Ms. Boccon-Gibod with her duties on the Board. In the course of this induction program, Ms. Boccon-Gibod visited the Innoval Customer Training Center in Limoges, as well as the My Home Apartment, which showcases the technologies marketed by Legrand in its home systems. She was also given a presentation of several production sites and product testing laboratories, and meetings were organized with several senior executives and operational management staff at Legrand.

Moreover, Audit Committee members are provided, at the time of their appointment, with information relating to the Company's specific accounting, financial and operational features, which was the case in 2016 for Isabelle Boccon-Gibod.

The Board internal rules also stipulate that, if appointed, Directors representing employees or employee shareholders shall receive appropriate training on the requirements of their role.

Lastly, the four Central Works Council representatives who attend Company Board meetings received financial and legal training in 2016.

Deontology for Directors

In accordance with the Directors' Charter, before taking up their post, all Directors must ensure that they are fully aware of their general and specific duties, particularly where these result from legislation and regulation, the Articles of Association, the Board's internal rules and its Charter, as well as from any other legally binding document:

- directors must be competent, active and committed;
- directors must act at all times in the corporate interest of the business. They undertake to promote and defend the Company's values;
- directors are to devote the necessary time and attention to their tasks.

  In this regard, they undertake to:

  - not hold more than four other directorships in listed companies, including foreign companies, not affiliated with the Group; an executive officer may not hold more than two other directorships in listed companies, including foreign companies, not affiliated with the Group. However, the limit of two other directorships applicable to the executive officers does not apply to directorships held by an executive officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings,
  - keep the Board of Directors informed of directorships held in other companies, including participation on the board committees of these companies, both in France and abroad; an executive officer must seek the opinion of the Board of Directors before accepting a new directorship in a listed company,
  - be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to;
- in the interest of transparency, the annual report includes a report on directors' attendance at meetings of the Board of Directors and its committees;
- directors shall make every effort to attend General Meetings of Shareholders;
- the Company recommends that all directors gradually acquire a number of shares during their term of office equivalent to one full year of their share of attendance fees, which they must own personally. To calculate the number of shares, the following are assumed: attendance, for one financial year, at all meetings of the Board and of the special committee(s) of which the relevant director is a member; and using the average price of Legrand shares over the previous financial year as the value for one Legrand share. The minimum number of shares to be held personally and kept throughout the term of office is set at 500. The Company is informed of the number of shares held and includes this information in its annual report.
- directors have a duty of loyalty and diligence.

In this regard, they undertake to:

- apprise the Lead Director and the Board of any actual or potential conflict of interest, and abstain from the related discussions and votes,
- avoid any personal involvement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent;

- directors are subject to a duty of confidentiality concerning any unpublished information they obtain as a result of their position;
- directors shall make sure they receive in time all documents and information necessary for the performance of their duties. It is their responsibility to ask the Chairman to supply all documents they consider necessary for their proper information;
- directors who consider the information supplied inadequate may request additional information from the Chairman or the Board of Directors;
- directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in;
- directors are to comply with the provisions of the Company's Code of Conduct with respect to trading and market activities.

Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct concerning stock market trading activity, which can be accessed on the Company's website at *www.legrand.com*. It was revised in the second half of 2016 to take into account the new European rules resulting from EU Market Abuse Regulation no. 596/2014 (MAR), which entered into force on July 3, 2016, and the AMF Position-recommendation no. 2016-08: Guide to Ongoing Information and the Management of Inside Information. Since this Code was revised in 2016, the position of Ethics Officer has been held by the Director of Legal Affairs.

The purpose of this Code, adopted by the Board of Directors on June 2, 2006 and the new version of which was presented at the Board meeting of November 9, 2016, is to raise awareness among all Company employees regarding:

- the legislative and statutory provisions in force concerning the holding, disclosure and use of "inside information" concerning the Company which could apply to them since they may have access to such information by virtue of their positions or duties for the Company;
- the rules applicable to the holding of certain sensitive information concerning the Company and in particular to confidentiality obligations and compliance with the blackout periods established by the Company;
- the rules for trading the Company's shares and the preventive measures set up so that each employee may invest in the Company's shares without contravening market integrity rules;
- the penalties incurred in the event of violation of these rules.

The Code also specifies:

- the appointment of the Ethics Officer, which is the Group's Executive VP Legal Affairs;
- the rules for preparing lists of insiders, which is done by the Ethics Officer and service providers acting in the name and on behalf of the Company who have access to inside information as part of their business relationships with the Company;
- the embargo periods during which the Company will not give out any new information about its business or earnings to financial analysts and investors;
- the role of the MAR Committee, which was set up when the Company adopted an internal procedure for qualifying and publishing inside information in 2016. This role consists in evaluating, on a case by case basis, whether or not information is privileged in nature and then qualifying and examining the consequences should such information be disseminated.

In accordance with this Code, individuals who have financial and accounting information and as such holding information that, while not constituting inside information within the meaning of the MAR criteria, is nevertheless sensitive and confidential, are required to observe the blackout periods determined by the Company. As in the case of individuals with executive responsibilities who are subject to abstention obligations during blackout periods under the applicable regulations, such persons are required, as a preventive measure, to refrain from carrying out, either directly or indirectly, on their own behalf or on behalf of others, any transactions involving Legrand shares (i) during the 30 calendar days preceding the date on which the annual, half-yearly or quarterly financial statements are made public by means of a press release regarding the results concerned, including the date of the publication of this press release and for the three trading days after the aforementioned financial statements have been published, and (ii) during any other period defined and communicated by the Ethics Officer.

The Code has three categories of individuals:

- insiders, meaning individuals in possession of information whose privileged nature has been identified in respect of the MAR criteria by the MAR Committee as part of the implementation of the internal procedure for qualifying and publishing inside information and who were notified by the Ethics Officer of their inclusion on the Company's list of insiders. These individuals must comply with the rules applicable to the holding, disclosure and use of inside information and in particular the absolute prohibition of carrying out any transaction on the Company's shares while such information has not yet been made public;

- individuals involved in preparing the Company's financial and accounting information, who are not included on the Company's list of insiders but are on the list of individuals subject to blackout periods insofar as they hold financial or accounts-related information which, while not necessarily constituting inside information with regard to the MAR criteria, is nevertheless sensitive and confidential. These individuals are required to comply with the abstention obligations during the blackout periods established by the Company as described above and to ensure that the information in their possession remains confidential;
- individuals discharging managerial responsibilities[1] who are required to comply with abstention obligations during the blackout periods established by the Company as described above. These individuals, as well as those closely associated with them, furthermore have a duty to disclose to the AMF (French Financial Markets Authority) any transaction they have performed on Legrand shares within three business days following the completion of said transaction(s).

Any person may seek the opinion of the MAR Committee before performing a transaction on the Company's shares by submitting a request to the Ethics Officer who will then call a meeting of the MAR Committee for said purpose. The Chief Financial Officer may only give an advisory opinion: the decision on whether or not to execute the transaction is the sole responsibility of the person who requested the opinion.

6.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2016

In 2016, the Board met six times. Directors' attendance at Board meetings was satisfactory; the attendance rate in 2016 was over 86%.

According to the Board's internal rules, some of its deliberations may be prepared by specialized committees, enabling the Board to discharge its duties under optimum conditions. The work of these committees is the subject of a detailed report at the meeting of the Board of Directors.

In 2016, the meeting attendance rate for the various specialized committees was 100%. Information on these specialized committees can be found in Section 6.1.3 of the Company's Registration Document.

Topics covered in 2016 by the Board of Directors

The Board met to consider the following agenda:

- company results:
  - report on the Audit Committee's work, as set out in Section 6.1.3.3 below,
  - approval of the consolidated and company financial statements for the year ended December 31, 2015 and the related reports, the consolidated quarterly financial statements to March 31, 2016, the half-yearly consolidated financial statements and management report to June 30, 2016, and the consolidated quarterly financial statements to September 30, 2016,
  - review and approval of press releases on the annual, half-yearly and quarterly consolidated financial statements,
  - proposal for appropriation of earnings,
  - choice of dividend payment method and consequences in terms of securities adjustment,
  - presentation of forecast financial statements for 2016,
  - approval of the 2016 budget;
- corporate Governance:
  - report on the work of the Lead Director,
  - report on the work of the Nominating and Governance Committee, as set out in Section 6.1.3.3 below,
  - qualification of independent directors,
  - review of the composition of the Board of Directors in view of the reappointment of three directors and approval of the candidacy of one director,
  - review of the composition of the committees,
  - definition of diversity targets for the Board of Directors' membership,
  - reappointment of the statutory auditors and deputy statutory auditors,
  - assessment of the performance of the Board of Directors and its Committees (summary and proposals),
  - changes to the Board of Directors' internal rules primarily due to:
    - the introduction of the ability of the Lead Director to attend meetings of the Committees of which she is not a member,
    - the addition of an extra duty for the Lead Director consisting of being a point of contact, as necessary, with Legrand shareholders, subject to the prior consent of the Board of Directors on the principle and terms of such contact,
    - the integration of the principle according to which any material transactions involving an amount above €100 million that fall outside the strategy announced by the Company must receive prior approval from the Board of Directors,

(1) *Individuals with executive responsibilities is taken to mean (i) senior executives, i.e. members of the Company's Board of Directors, including the Chairman and Chief Executive Officer, and (ii) high-level managers who, without being members of the Board of Directors, have regular access to inside information about the Company either directly or indirectly, and have the power to make management decisions regarding the Company's strategy and future development.*

– the revision of some of the provisions of the Afep-Medef Code of Corporate Governance in 2016,
- review of regulated agreements and commitments,
- update of the Code of Conduct with respect to trading and market activities;

- compensation:
  - report on the work of the Compensation Committee, as set out in Section 6.1.3.3 below,
  - executive officer compensation:
    – examination of compensation for 2015,
    – determination of the principles of compensation for 2016,
  - long-term profit-sharing plans/performance share plans and stock option plans:
    – implementation of the delegations approved under the thirteenth resolution of the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 27, 2016,
    – approval of the rules of the 2016 performance share plan for Group employees and the executive officer, and long-term profit-sharing premiums,
    – approval of individual performance share awards to Group employees and the executive officer,
    – definition of the number of shares that the executive officer shall be obligated to hold in bearer form under the performance share award until such time as he steps down from his duties,
  - attendance fees:
    – amounts distributed in 2015,
    – determination of the budget for reimbursement of directors' expenses;
- financial management of the Company:
  - annual renewal of authorizations for refinancing,
  - renewal of annual powers granted to the Chairman for guarantees, endorsements and security,
  - delegation of powers to the Board of Directors to be proposed to the General Meeting of Shareholders,
  - implementation of the delegations approved under the eleventh resolution of the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 27, 2016;
- company strategy and growth:
  - report on the work of the Strategy and Social Responsibility Committee, as set out in Section 6.1.3.3 below,
  - approval of acquisition projects involving an amount in excess of €100 million,
  - regular progress reports on proposed acquisition projects,
  - annual update of the Company's shareholder structure, summary of roadshows and investor day,
  - presentations on strategic issues, especially during the Board of Directors' Annual Seminar;
- risk management:
  - review of the risk management procedures;
- preparation for the annual General Meeting of Shareholders and Special Meeting of Shareholders of May 27, 2016:
  - convening of the annual Combined Ordinary and Extraordinary General Meeting of Shareholders (setting of the agenda and approval of proposed resolutions),
  - production of reports for the General Meeting of Shareholders;
- other:
  - recognition of the capital increase following the exercise of options,
  - annual review of the policy regarding gender equality and equal pay,
  - regulatory changes: presentation of the new European system on market abuse and review of the Code of Conduct with respect to trading and market activities.

Board of Directors' Annual Seminar

Every year Legrand's directors and the representatives of the Central Works Council who attend meetings of the Board of Directors attend a seminar organized in France or abroad. The Board's seminar is a recurring event. Program content is such that directors have the opportunity to better understand their role on the Board and improve their knowledge of the Group and its structure, products and markets.

In 2016, the seminar was held in the United States, at the headquarters of Legrand North America in West Hartford. It was an opportunity to present directors with an in-depth view of the special nature of the U.S. market and how Legrand is organized in that country. The seminar featured:

- a tour of the Customer Experience Center;
- a tour of the West Harford production site; and
- presentations moderated by Legrand North America's operational executives, thus giving directors the opportunity to meet the teams and freely discuss the Group's strategic objectives.

Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors

Since 2007, a formal assessment of the operations of the Board of Directors and its specialized committees has been performed every year in order to measure, as required by the Code of Corporate Governance, (i) the methods of operation of the Board and its specialized committees, (ii) the quality of preparation and debate regarding significant matters, and (iii) the effective contribution of each director to the work of the Board, and his/her involvement in deliberations. In compliance with its internal rules, the Board discusses its operating procedures at least once a year and includes a report on this in the Company's annual report.

In 2016, a formal assessment was made in-house of the Board of Directors and specialized committees, under the supervision of the Lead Director, based on a questionnaire issued to directors, who also had the option of scheduling individual meetings with the Lead Director. The questionnaire was divided into two parts: one for assessing the overall operations of the Board and its committees, and one for assessing the individual contribution of each director. The results of the questionnaire were analyzed by the Nominating and Governance Committee and later discussed at a Board meeting.

To summarize, the self-assessment conducted in 2016 in respect of 2015 revealed that all directors were satisfied, particularly with regard to (i) the Board's composition, especially the diversity of profiles and its size; (ii) the quality of the information provided by Legrand to help the directors carry out their duties, the quality of the support documentation, and the transparency of discussions; (iii) the Board's operating procedures, especially in terms of holding meetings and quality of discussions; (iv) the operating procedures of the specialized committees, particularly evident in the quality of the reports made to the Board; (v) the content of the annual meeting of non-executive directors, which was especially appreciated by the directors, and (vi) the directors' website, which overall was deemed satisfactory. More generally, directors highlighted the fact that their suggestions were taken into account.

In 2016, suggestions made by directors and responses from management regarding the process of continually improving the Board's operating procedures were as follows:

- **more discussion with operational staff and the opportunity to organize presentations to the Board targeting a specific activity or country:** to this end, the Board's annual Seminar allows directors and representatives from the Central Works Council to get together with Group executives and senior managers working in cross-disciplinary roles on a formal as well as an informal basis. In 2016, the Board invited the Group Executive VP Human Resources to give a presentation on the Group's talent management policy. Organizing the Board Seminar in different countries – Italy in 2015, the United States in 2016 and France planned for 2017 – is also a response to the suggestion of organizing presentations targeting a specific activity or country;
- **more in-depth knowledge of the Group, in particular by organizing a presentation devoted to the strategy of the Company's seven SBUs and instituting a regular progress report on any changes in the Company's shareholder structure:** in response, it was decided to organize a presentation on this subject at the 2017 Seminar. With regard to changes in the Company's shareholder structure, the Board introduced a formal annual report on this at its meeting of March 15, 2016. This process will now be done on an annual basis;
- **more detailed information to be communicated regarding budget construction, the Group's financial performance and planned acquisitions:** responses were made in this regard in 2016.

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.

At its meeting of November 9, 2016, the Board approved the process for assessing its work based on a three-year cycle alternating between an external assessment and internal assessments which may, depending on the year, include an assessment of directors' individual contributions.

6.1.2 - Lead Director

In 2013, the directors amended the Board's internal rules to make the appointment of a Lead Director compulsory in the event that the positions of Chairman and Chief Executive Officer are held by the same person. This is consistent with the recommendations of the *Autorité des marchés financiers* (French Financial Markets Authority) in its 2013 report on corporate governance and executive compensation.

The appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance (in this respect, readers are invited to refer also to Section 6.1.4.2).

The Lead Director is appointed from the independent directors (in accordance with the Code of Corporate Governance) who have been members of the Board for at least one year, following a nomination from the Nominating and Governance Committee. The term of office of the Lead Director may not exceed his or her term as Director. The Lead Director may be reelected based on a recommendation from the Nominating and Governance Committee.

Accordingly, the Board of Directors has appointed Ms. Angeles Garcia-Poveda as 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. Ms. Angeles Garcia-Poveda, an independent director, is a member of the Strategy and Social Responsibility Committee and Chairman of the Nominating and Governance Committee and Compensation Committee.

Duties of the Lead Director

The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, he/she is tasked with:

- preventing and managing conflicts of interest: the Lead Director is responsible for preventing conflicts of interest by raising awareness on the existence of factors likely to lead to such situations. The Lead Director is informed by each director of any actual or potential conflict of interest, and reports on these to the Board, as she does on any actual or potential conflict of interest which she may detect independently;
- supervising the periodic assessment of the Board's operations and its specialized committees;
- chairing and moderating an annual meeting of non-executive directors without executive or internal directors being present, during which, in particular, meeting the performance of senior executives is assessed and future management prospects given consideration;
- reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive directors; and
- if necessary, acting as point of contact for Legrand shareholders, subject to consent by the Board of Directors on the principle and terms of such contact.

Resources of the Lead Director

In the exercise of his/her duties, the Lead Director may:

- submit a proposal, as appropriate, to the Chairman of the Board of Directors to include additional items on the agenda of Board meetings;
- ask the Chairman to call a meeting of the Board of Directors or directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justifies holding an extraordinary meeting of the Board;
- chair meetings of the Board of Directors in the event of the Chairman being unable to attend; and
- if appropriate, attend meetings of committees of which he/she is not a member.

The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and Statutory Auditors, as provided for by the Board's internal rules.

More generally, the Lead Director ensures that Directors receive the information needed to discharge their duties in the best possible conditions, as provided for in the Board's internal rules.

The Lead Director reports to the Board of Directors once a year.

Lead Director's report for 2016

In 2016, Ms. Angeles Garcia-Poveda called and chaired an annual meeting of the Company's non-executive directors, without the executive officer being present. During this meeting, the non-executive directors discussed various topics, including the assessment of the performance of the Chairman and Chief Executive Officer, his compensation, and the succession plans. During the annual assessment of the operations of the Board and its specialized committees, the Lead Director asked the directors to give their opinion on the quality of the organization of the annual meeting of non-executive directors (scheduling, duration, and so on) and their assessment of the quality and content of the discussions that took place at the meeting. The directors expressed their full satisfaction regarding the above points.

In 2016, 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 Meeting of Shareholders on May 27, 2016, when she gave a presentation on 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 reported on her own work in 2015.

At the request of the Lead Director, the assessment of the Board's operating procedures and those of its specialized committees regarding 2015 took place early in 2016 under the supervision of the Lead Director. Directors were given a questionnaire which, for the first time, contained a section designed to produce a qualitative assessment of a director's individual contribution. This new feature was introduced to comply with AMF recommendations and ensure alignment with best market practice. The results of this assessment are reported in the above section, "Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors."

On February 10, 2016, the directors decided to supplement the tasks and remit of the Lead Director, who is now a potential point of contact for Legrand shareholders, subject to the prior consent of the Board of Directors regarding the principle and terms of such contact, and has the right to attend any meeting of the committees of which she is not a member, if deemed necessary.

In accordance with the Board of Directors' internal rules, the Lead Director presented a report of her activities in 2016 to the Board of Directors at its meeting on March 15, 2017. The Board of Directors approved the Lead Director's activity report, at the time expressing its full satisfaction with the work she had done.

6.1.3 - Board of Directors' specialized committees

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

There are four permanent specialized committees:

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

In addition to the permanent committees, the Board of Directors may at any time set up one or several *ad hoc* committees, which may or may not be temporary, and determine their membership and operation as it sees fit.

Finally, the Chief Executive Officer may create an executive committee and determine its membership and scope.

6.1.3.1 COMPOSITION OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Principles

The Board of Directors appoints committee members on the recommendation of the Nominating and Governance Committee, for a term set by the Board of Directors and which may not exceed their term of office as Directors. The Board of Directors may remove committee members after consultation with the Nominating and Governance Committee.

The Audit Committee may have a maximum of five members. Members of the Audit Committee may not be executive officers or managers holding salaried positions with the Company or any of its subsidiaries. Members of the Audit Committee should be competent in finance or accounting.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee at the proposal of the Nominating and Governance Committee, from among the independent members of the committee. The appointment of the Audit Committee's Chairman should be specially reviewed by the Board of Directors.

The same procedure shall apply for the extension of the term of office.

The Nominating and Governance Committee may have a maximum of five members. The Nominating and Governance Committee should not include any executive officers. The Chairman of the Nominating and Governance Committee is chosen by the committee from among its independent members.

The Compensation Committee may have a maximum of five members. The Nominating and Governance Committee should not include any executive officers. The Chairman of the Compensation Committee is chosen by the committee members from its independent members, on the recommendation of the Nominating and Governance Committee.

With respect to the Strategy and Social Responsibility Committee, it has a maximum of five members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of said committee from its membership, on the recommendation of the Nominating and Governance Committee.

Current composition of the specialized committees

Subject to the approval of the General Meeting of Shareholders called for May 31, 2017 to reappoint Ms. Annalisa Loustau Elia as a Company board member, it should be noted that with regard to the composition of the specialized committees, effective 2016:

- two specialized committees, the Audit Committee and the Compensation Committee, are composed entirely of women;
- the four specialized committees are chaired by women.

The Audit Committee

The Audit Committee is made up of three members appointed by the Board of Directors, all three of whom are independent: Ms. Christel Bories, Ms. Éliane Rouyer-Chevalier, and Ms. Isabelle Boccon-Gibod. Their biographies and education can be found in pages 321, 324 and 320 of the Company's Registration Document.

The Audit Committee is chaired by Ms. Éliane Rouyer-Chevalier who has financial and accounting qualifications and makes an additional contribution through her understanding of financial equilibrium and risk assessment. Ms. Isabelle Boccon-Gibod has expertise in finance and accounting as well as prior experience as a member of the audit committee of a listed company; Ms. Christel Bories has experience of senior management in industrial groups which is also invaluable to the committee.

With all Audit Committee members being independent, membership of the Audit Committee is compliant with the Code of Corporate Governance which recommends that two-thirds of members be Independent Directors.

The Nominating and Governance Committee

The Nominating and Governance Committee has three members appointed by the Board of Directors, including two independent Directors: Ms. Angeles Garcia-Poveda (independent Director), Mr. Olivier Bazil, and Mr. Thierry de la Tour d'Artaise (independent Director). Their biographies and education can be found in pages 321, 320 and 323 of the Company's Registration Document.

The Nominating and Governance Committee is chaired by Ms. Angeles Garcia-Poveda, who has expertise both in executive recruitment and corporate governance. Mr. Olivier Bazil has extensive knowledge of the Legrand Group, in which he has spent his entire career. As such, Mr. Bazil knows the business, the industry and its issues, which is particularly useful to the Committee's work. Mr. Thierry de la Tour d'Artaise has served and continues to serve on various boards of major groups. He also has a particular interest in the subject of corporate governance and has practical experience of governance issues.

With two independent Directors out of three members, the composition of the Nominating and Governance Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

The Compensation Committee

The Compensation Committee has three members appointed by the Board of Directors, all of whom are independent: Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia and Ms. Eliane Rouyer-Chevalier (independent directors). Their biographies and education can be found in pages 321 and 324 of the Company's Registration Document.

The Compensation Committee is chaired by Ms. Angeles Garcia-Poveda who, thanks to her HR experience and current position as manager at Spencer Stuart, brings to the committee her extensive knowledge of corporate remuneration structures and methodology. Ms. Eliane Rouyer-Chevalier has expertise in Corporate Social Responsibility, a major component of the compensation of the Group's executives. The Compensation Committee benefits from her experience and sensitivity in the areas of corporate governance. Ms. Annalisa Loustau Elia has the skills and abilities to assess the non-financial aspects of the Group's performance (initiatives for growth, marketing, and so on).

With all of its members being independent Directors, the Compensation Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

As indicated in the section *"Directorship due for renewal in 2017"* of this Registration Document, Ms. Annalisa Loustau Elia has expressed her intention to seek reappointment as a director. The Nominating and Governance Committee supported the reappointment of Ms. Annalisa Loustau Elia as director, especially since she has the skills and abilities to assess the non-financial aspects of the Group's performance. Since Ms. Loustau Elia has been confirmed as an independent director by the Board of Directors on the recommendation of the Nominating and Governance Committee, her appointment will not impact the independence ratios mentioned above.

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 pages 319, 320 and 321 of the Company's Registration Document.

The Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories, whose senior management experience within industrial groups and as a strategy consultant is invaluable to the committee. Ms. Angeles Garcia-Poveda brings to the Strategy and Social Responsibility Committee a wealth of prior experience gained from her time with the Boston Consulting Group and now as an executive at Spencer Stuart. Finally, Mr. Olivier Bazil and Mr. Gilles Schnepp offer the Committee the benefit of their in-depth knowledge of the Group and its businesses.

6.1.3.2 FUNCTIONING OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Each Committee is responsible for setting its own annual meeting schedule, taking into account the schedules for Board meetings and General Meetings of Shareholders.

Each Committee meets as often as required to consider issues falling within its purview; meetings are convened by the Chairman of the Committee or by half of its members. The Chairman of the Board of Directors may call a Committee meeting if he/she considers that a Committee has not met as often as required by the rules specific to each Committee, as detailed below. The Chairman may also convene a Committee meeting if he/she deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location. Committees are provided with secretarial assistance by the persons appointed by or in agreement with the Committee Chairman.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

The committees make sure that the quality of reports to the Board of Directors enables the latter to be fully informed, thereby facilitating its deliberations.

The Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's internal rules, the provisions of which are restated below. The duties and operating rules of the Company's Audit Committee were determined on the basis of the conclusions of the AMF working party on audit committees in July 2010.

To take account of the new European statutory audit framework resulting from European Regulation 537/2014/EU of April 16, 2014, and European Directive 2014/56/EU of the same date, transposed into French law by order number 2016-315 of March 17, 2016, a temporary mechanism has been introduced to pre-approve services other than account certification. This means that services which, by their nature, pose no problem in terms of the independence of the statutory auditors and whose amount does not exceed €100,000 are considered as pre-approved by the Audit Committee and do not require formal Audit Committee approval. This temporary mechanism relies on an internal control system that verifies that these services comply with the law.

The Audit Committee section of the Board's internal rules will be reviewed to clarify the pre-approval rules for services other than account certification when the final guidelines on approving such services are published.

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 the person in charge of Corporate Social Responsibility (CSR) on (i) the risks, especially for the CSR risk mapping, (ii) the conclusions of the independent third-party body in charge of reviewing extra-financial data, and (iii) the methods of construction and analysis of the roadmap. In this framework, the Audit Committee may decide, with approval from the Board of Directors, to entrust special assignments to one of its members, it being specified that in accordance with the provisions of article 3.5 of the internal rules of the Board of Directors, undertaking such tasks may give rise to additional fees;
  - 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 about the internal audit program and receives internal audit reports or a regular summary of those reports.

- **As regards the review of the financial statements**, the Board of Directors entrusts the Audit Committee with the following tasks:
  - to 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 management describing the Company's risk exposures, its material off-balance-sheet commitments, as well as the chosen accounting options.

More generally, for the review of financial statements, the Audit Committee may question, without the presence of the company officers or, more generally, of Directors playing an active role in the Company, any person who, in one capacity or another, participates in preparing or auditing the financial statements (finance department, internal audit department and statutory auditors).

- **As regards external control procedures**, the Audit Committee's main task is to ensure the proper examination of the annual separate and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors:
  - by ensuring that the Statutory Auditors fulfill their duty in performing the statutory audit of the annual 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 Meeting of Shareholders;
  - by receiving each year from the Statutory Auditors: (i) their declaration of independence; (ii) the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company, 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.

Meetings 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.

The Audit Committee meets 48 hours before the review of the financial statements by the Board of Directors, it being specified that this period of time may be reduced from time to time, with the agreement of the Chairman and of the members of the Audit Committee.

Meetings of the Audit Committee may take place by telephone or video-conference.

The Nominating and Governance Committee

The powers and operation of the Nominating and Governance Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Nominating and Governance Committee

The Nominating and Governance Committee is tasked with:

- considering and submitting proposals to the Board of Directors on the various options for the organization of the Company's management and supervision;
- considering and submitting proposals to the Board of Directors for appointment to the positions of Director, Lead Director, Chief Executive Officer, Chief Operating Officer, Chairman of the Board and members and Chairs of the specialized committees; to that end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- submitting proposals to the Board of Directors on the nature of the responsibilities of the specialized committees;
- considering proposals submitted by interested parties, including management and shareholders;
- preparing, under the supervision of the Lead Director, the procedures for the periodic self-evaluation of the Board of Directors and governance bodies, as well as their evaluation by an external consultant, if any;
- preparing a management succession plan so as to be able to recommend options to the Board of Directors, particularly in the event of an unforeseen vacancy;
- examining each year, on a case-by-case basis, the position of each Director in relation to the independence criteria;
- examining changes in the corporate governance rules, monitoring the implementation of those rules by the Company (including the implementation of the Code of Corporate Governance adopted by the Company), assisting the Board of Directors in adapting the Company's corporate governance, and submitting proposals in this regard;
- reviewing the 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 company officers.

Meetings of the Nominating and Governance Committee

The Nominating and Governance Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Meeting of Shareholders, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Nominating and Governance Committee must report on its activities to the Board of Directors.

The Nominating and Governance Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Nominating and Governance Committee may be held by teleconference or videoconference.

The Compensation Committee

The powers and operation of the Compensation Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Compensation Committee

As regards the compensation of company officers, the Compensation Committee is required to:

- assess all forms of compensation, including benefits in kind, insurance and pension entitlements received from any company in the Group and any affiliated company;
- examine and submit proposals to the Board of Directors regarding all components of compensation and benefits of company officers in particular as regards the calculation of the variable portions of compensation. To this end, it defines the rules for calculating this variable portion, taking into account the need for consistency with annual assessments of the performance of company officers and the Group's medium-term strategy; it also oversees proper application of these rules;
- ensure that the Company fulfills its obligations regarding the transparency of compensation. In particular, it prepares an annual activity report which is submitted for the approval of the Board for inclusion in the Company's annual report, and ensures that all legally required information concerning compensation is fully and clearly set forth in the annual report.

As regards Directors' compensation, the Compensation Committee:

- issues a recommendation on the overall amount and conditions of Directors' fees in accordance with the provisions of the Board's internal rules;
- makes recommendations concerning any compensation awarded to Directors entrusted with special assignments.

As regards stock-option plans for the purchase of existing shares or subscription to new shares, and all other share-based compensation or compensation indexed on or otherwise linked to shares, the Compensation Committee is tasked with:

- examining the general policy governing eligibility for such schemes and submitting any proposals it may have on this to the Board of Directors;
- reviewing the information on this subject provided in the annual report and to the General Meeting of Shareholders;
- submitting proposals to the Board of Directors regarding the choice to be made from among the options permitted by law and explaining the reasons for such choice, together with its consequences;
- preparing the Board's decisions on such schemes.

In addition, the Committee must be informed of the compensation policy of key senior executives other than executive officers. In this respect, the committee's work shall involve the executive officer.

Meetings of the Compensation Committee

The Compensation Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Meeting of Shareholders, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Compensation Committee must report on its activities to the Board of Directors.

The Compensation Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Compensation Committee may take place by teleconference or videoconference.

The Strategy and Social Responsibility Committee

The powers and operation of the Strategy and Social Responsibility Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Strategy and Social Responsibility Committee

The mission of the Strategy and Social Responsibility Committee is to assist the Board of Directors in its decisions on strategic directions for the Company's business, and in particular to:

- examine all significant projects concerning the Group's development and strategic positioning, in particular projects for strategic partnerships and significant investments or divestments;
- examine draft annual budgets submitted to the Board of Directors. For this purpose, the Strategy and Social Responsibility Committee may hear from Company managers on the assumptions used to draw up or amend these budgets;
- assess consistency between Group strategy and the CSR principles espoused by the Group and ensure that management conducts an analysis of internal or external factors related to CSR stakes (risks and opportunities) which have an influence on the Group, such as regulations, third-party expectations and 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.

Meetings of the Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year. The Strategy and Social Responsibility Committee must report on its activities to the Board of Directors.

The Strategy and Social Responsibility Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by telephone or videoconference.

Services offered by external consultants

The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon.

In the event of Committees having recourse to services offered by external consultants, the Committees must ensure that the consultant concerned is objective.

6.1.3.3 WORK DONE BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2016

Work done by the Audit Committee in 2016

The Audit Committee met four times in 2016. 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, 2015 and the management report on the consolidated financial statements, review of the quarterly consolidated financial statements to March 31, 2016, the half-yearly consolidated financial statements to June 30, 2016 together with the half-yearly financial report, and the quarterly consolidated financial statements to September 30, 2016,
- review of the Statutory Auditors' work at December 31, 2015 and June 30, 2016,
- review of key figures in the press release on the annual, quarterly and half-yearly consolidated financial statements and assumptions on the outlook for 2016, as well as accounting options,
- assess how dividends will be distributed and the consequences of such distribution on resolutions for the Annual Meeting of Shareholders of May 27, 2016;

- risk management and internal control:
  - review of the Group's risk management policy and procedures, its internal audit and control procedures, and the related organization and resources,
  - review of the report by the chairman of the Board of Directors on corporate governance, risk management and internal control,
  - examination of risk mapping;
- auditing and relations with external auditors:
  - internal audit: 2015 summary and review of the 2016 audit plan,
  - quarterly update on internal audits and fraud (review of audit summaries and fraud report),
  - review of the assignments of Statutory Auditors, including additional assignments,
  - review of the budget for auditors' fees,
  - consider with a view to renewing the appointments of an Auditor and of a Deputy Statutory Auditor;
- other:
  - presentation of the Registration Document,
  - Monitoring regulatory changes: statutory audit reform and European market abuse regulation (MAR).

Pursuant to the internal rules of the Company's Board of Directors, the Audit Committee, as part of its duties, met the Chief Financial Officer, the heads of internal audit and risk control, and the person responsible for Corporate Social Responsibility (CSR) matters. The Audit Committee also met with Statutory Auditors in the presence of and without the Company's general management, in line with the recommendations of the Code of Corporate Governance.

Work done by the Nominating and Governance Committee in 2016

Nominating and Governance Committee met three times in 2016. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- membership of the Board of Directors and its Committees:
  - procedure for the review of the status of independent directors,
  - annual review of the diversity policy of the Board of Directors,
  - recommendation to reappoint Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Thierry de La Tour d'Artaise,
  - recommendation to appoint Ms. Isabelle Boccon-Gibod to replace Mr. Gérard Lamarche,
  - recommendation concerning the membership of the Strategy and Social Responsibility Committee, Nominating and Governance Committee, Compensation Committee, and Audit Committee;
- 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:
  - review of the section of the Chairman's report on corporate governance, risk management and internal control, and of certain sections of the Registration Document,
  - proposal of amendments to the internal rules of the Board of Directors,
  - report on the assessment of the operation of the Board of Directors and its committees conducted internally, including a qualitative assessment of the individual contribution of each director.

Work done by the Compensation Committee in 2016

The Compensation Committee met three times in 2016. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- compensation:
  - compensation of the executive officer:
    - review of the overall compensation structure,
    - calculation of compensation for 2015,
    - determination of the principles of compensation for 2016,

- long-term incentive plans/performance action plan:
  - setting the 2016 performance share plan,
  - approval of individual award of performance shares to the Executive Officer and the Group's key managers,
  - determination of number of shares that the Executive Officer is required to retain in registered form until the termination of his duties as concerns performance shares,
- attendance fees:
  - amounts distributed in 2015,
  - proposal of an overall annual reimbursement budget.

Work done by the Strategy and Social Responsibility Committee in 2016

The Strategy and Social Responsibility Committee met five times in 2016. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- acquisitions:
  - review of acquisitions made since 2004,
  - examination of proposed acquisitions,
  - definition of strategic orientations for future acquisitions;
- budget:
  - presentation of the 2016 draft budget,
  - approval of the 2016 budget;
- corporate Social Responsibility:
  - review of CSR indices in which the Company is listed, and competitive analysis,
  - review of Legrand's CSR strategy and assessment of the 2014-2018 roadmap,
  - review of priorities for 2016,
  - report on philanthropic initiatives.

6.1.4 - General Management of the Company

6.1.4.1 IDENTITY OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

Mr. 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.

Please see page 319 of this Registration Document for information about Mr. Gilles Schnepp.

6.1.4.2 FUNCTIONING OF THE GENERAL MANAGEMENT OF THE COMPANY

Choice relating to general management of the Company

Principles

The Board of Directors shall decide, under the conditions set out in the Company's Articles of Association, whether the General management is performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer.

Shareholders and third parties are informed of this decision in accordance with applicable laws and regulations. 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 Meeting of Shareholders called to approve the financial statements from the past year and held in the same year the age limit is reached.

The Chief Executive Officer can always be reelected. The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority. If the Chief Executive Officer is temporarily unable to perform his/her functions, the Board of Directors may appoint a Director to act as Chief Executive Officer. The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him/her. The Chief Operating Officer must always be a physical person. They may or may not be a Director. In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer as well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer. If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

Choice of the 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 a choice between separation and combination of the offices of chairman and chief executive officer. The law does not favor either formula and allows the Board of Directors to choose between these two forms of exercise of executive management".*

At its meeting of March 17, 2006, the Board of Directors decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This form of governance was chosen in the context of the Company's initial public offering 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 internal rules 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 of Directors be held or be shareholders' point of contact) are described in Section 6.1.2 of the Company's Registration Document if the positions of Chairman and Chief Executive Officer are held by the same person;
- the appointment of Ms. Angeles Garcia-Poveda as Lead Director by the Board on November 6, 2013, and her reappointment in this role by the General Meeting of Shareholders of May 27, 2016;
- 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, and Compensation Committee, two-thirds on the Nominating and Governance Committee, and 50% on the Strategy and Social Responsibility Committee);
- chairing of specialized committees by independent directors: as a reminder, the Audit Committee is chaired by Ms. Eliane Rouyer-Chevalier (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 internal rules 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 Officers being present, or to question any persons contributing to the production or control of Company financial statements, without Executive Officers or any Directors holding active positions within the Company being present (for more details, see Section 6.1.3.2 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 Officers should hold no more than two other Directorships in listed companies outside the Group, including outside France.

Moreover, as mentioned in Section 6.1.1.1 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 internal rules.

6.1.4.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations which are non-binding to third parties and which the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to General Meetings of Shareholders and to the Board of Directors.

The internal rules of the Board of Directors list the important decisions and transactions requiring prior approval from the Board of Directors. These decisions and transactions are presented in Section 6.1.1.2 of the Company's Registration Document.

6.1.4.4 EXECUTIVE COMMITTEE

The Executive Committee is made up of a tightly-knit ten-member team which has varied and complementary expertise. All members of the Committee understand the core business of the Group and its stakes. This Committee gathers together countries' General Management but also operational departments' support of these countries. Several nationalities are represented on the Committee (French, American and Italian), reflecting Legrand's history and business breakdown.

As of the filing date of this Registration document, the Executive Committee is made up of the following:

Name	Functions	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. Antoine Burel	Chief Financial Officer	1993
Mr. Benoît Coquart	Executive VP France	1997
Mr. Xavier Couturier	Executive VP Human Resources	1988
Mr. Paolo Perino	Chairman of Bticino and Executive VP of Strategy and Development	1989
Mr. John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr. Frédéric Xerri	Executive VP Export	1993

6.1.5 - Service agreements

As of the date of this Registration Document and as far as the Company is aware, no existing services contract has been entered into between members of the administrative or management bodies and the Company or any of its subsidiaries that provides for the award of benefits.

6.2 - COMPENSATION AND BENEFITS OF COMPANY OFFICERS

6.2.1 - Principles and criteria for the calculation, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits in kind due to company officers in respect of their office

The principles and criteria for the calculation, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to company officer in respect of its office are established by the Board of Directors on the recommendation of the Compensation Committee, which helped to produce this chapter.

These principles and criteria are presented in the report required under article L. 225-37-2 of the French Commercial Code, which is subject to shareholder approval. This report can be found in Appendix 4 of this Registration Document.

6.2.1.1 COMPENSATION POLICY CONCERNING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF HIS OFFICE FOR THE 2017 FINANCIAL YEAR

The compensation policy for the Chairman and Chief Executive Officer has been determined by the Board of Directors on the basis of the principles mentioned in the Code of Corporate Governance: comprehensiveness, balance between the compensation components, comparability, consistency, understandability of the rules and proportionnality.

The Board of Directors ensures that the compensation policy has been tailored to the Company's strategy and situation and is designed to boost the Company's performance and competitiveness in the medium and long term.

The underlying principles for the compensation of the Chairman and Chief Executive Officer in 2017 remain essentially unchanged from 2016, with profitable growth and long-term value creation for stakeholders being central to the Company's compensation policy and practices:

- total compensation should be balanced and consistent with the Company's strategy;
- the compensation structure (and performance-based variable compensation in particular) should be aligned with shareholders' interests and contribute to the Company's profitable and sustainable growth;
- performance conditions should be stringent and correspond to the key factors of profitable and sustainable growth of the Company, and more generally be aligned with the Company's short- and long-term objectives;
- in this context, an increasing proportion of variable compensation is based on achieving the Company's commitments towards corporate social responsibility (CSR);
- lastly, the compensation policy should be simple and transparent.

A - Overall structure of compensation attributable to the Chairman and Chief Executive Officer for the 2017 financial year

The total compensation due to the Chairman and Chief Executive Officer in respect of his office, is balanced and consistent with the Company's strategy and comprises three components:

- fixed compensation;
- annual variable compensation linked to financial and non-financial performance during the year;
- long-term compensation linked to financial and non-financial performance over the long term. Depending on the year, this can take the form of either one of the following financial instruments:
  - performance shares allocated to the Chairman and Chief Executive Officer as long-term compensation for the 2017 financial year (the same financial instrument as that chosen for long-term compensation in 2015 and 2016),
  - future performance units paid in cash (the "Future Performance Units"), allocated to the Chairman and Chief Executive Officer as long-term compensation for the 2013 and 2014 financial years under Future Performance Unit plans (the "2013 Future Performance Unit Plan" and "2014 Future Performance Unit Plan", respectively).

Component	Strategic purpose	Operation	Amount salary /Weighting as % of fixed
FIXED COMPENSATION	**Retaining and motivating high-performing senior executives**	Determined by the Board of Directors upon a recommendation from the Compensation Committee, according to: ▪ level of responsibility; ▪ experience; ▪ market practice; ▪ where applicable, any changes in role and responsibilities.	€625,000 Unchanged since 2011
ANNUAL VARIABLE	**Encouraging the achievement of the Company's financial and extra-financial annual targets**	The Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities, determines the following: ▪ annual objectives; ▪ type and weighting of performance criteria; ▪ relative share of quantifiable and qualitative portions.	Minimum value: 0% of fixed compensation Target value: 80% of fixed compensation Maximum value: 120% of fixed compensation
		Quantifiable portion (predominant): structured so as to take account of the year's growth rate, according to the attainment of specific, ambitious performance criteria: ▪ financial criteria (adjusted operating margin excluding acquisitions, organic growth, external growth); ▪ extra-financial criteria (Legrand's inclusion in benchmark CSR indices).	3/4 of annual variable compensation *i.e.* 60% of fixed compensation as the target value
		Qualitative portion: structured so as to take account of the year's initiatives deployed to support long-term growth	1/4 of annual variable compensation *i.e.* 20% of fixed compensation as the target value
LONG-TERM	**Incentivising long-term financial and extra-financial performance and rewarding outperformance**	The Board of Directors upon a recommendation from the Compensation Committee, determines the following: ▪ annual objectives; ▪ type and weighting of future performance criteria.	Target value: 120% of fixed compensation, converted into shares Variation in a range between 0% and 150% of the number of shares initially allocated according to achievement of future performance conditions
		Determined after application of a service condition and 3 demanding performance criteria tested over three years: ▪ external financial criterion (EBITDA margin average gap over 3 years in Legrand's favour between Legrand and the MSCI average); ▪ internal financial criterion (3-year average in normalized free cash flow as a percentage of sales); ▪ extra-financial criterion (3-year average achievement rate of the Group's CSR Roadmap priorities) .	1/3 for each criterion

At its meeting on March 15, 2017, the Board of Directors, on the recommendation of the Compensation Committee, confirmed the following principles regarding the compensation policy for the Chairman and Chief Executive Officer in respect of the 2017 financial year:

- **a fixed annual compensation of €625,000, unchanged since 2011.** This amount was set by the Board of Directors on March 3, 2011, after considering 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, 2015, 2016 and 2017 financial years, the Chairman and Chief Executive Officer requested that no increases be applied to his fixed annual compensation and that it remains at €625,000;
- **annual variable compensation, the target value of which was set at 80% of fixed compensation (3/4 quantifiable and 1/4 qualitative)**, potentially ranging between 0% and 120% of fixed compensation, depending on the level of achievement of the predefined quantifiable and qualitative criteria presented on pages 181-182;
- **long-term compensation in the form of performance share plans**, the target value of which has been set at 120% of the fixed compensation and which will be converted into shares. The number of shares can range between 0% and 150% of the initial allocation based on the level of achievement of two financial criteria (internal and external) and one non-financial criterion measured on the basis of a three-year average and detailed on pages 183-184.

B – Determination of the calculation principles, criteria and weightings applicable to the annual variable and long-term elements of compensation attributable to the Chairman and Chief Executive Officer for the 2017 financial year

Annual variable compensation paid to the Executive Officer for the 2017 financial year

The principles for the calculation of variable compensation for the 2017 financial year, including applicable criteria and their weighting shown in the table below, were determined by the Board of Directors at its meeting on March 15, 2017 on the recommendation of the Compensation Committee.

The following changes may be noted in relation to the 2016 financial year (i) replacement of the economic income criterion by adjusted operating margin criterion; (ii) increased weighting of organic and external growth criteria. While in no way altering the degree of strigency of the criteria, these changes enable complete consistency between the quantifiable targets and the Company's publicly released objectives.

Choice of performance criteria for annual variable compensation and target-setting method

Performance criterion	Reason for criterion	Target-setting method
Adjusted operating margin before acquisitions	Alignment with published annual targets	Equivalence between i) the annual targets for adjusted operating margin before acquisitions, as disclosed to the market, and ii) the targets to be achieved by the Executive Officer.
Organic growth as a percentage of sales	Alignment with published annual targets	Equivalence between i) the annual organic growth targets, as disclosed to the market, and ii) the targets to be achieved by the Executive Officer.
Acquisitions	Consistent with the Group's growth model	
Legrand's inclusion in CSR benchmark indices	Introduce a non-financial criterion depending on the rating of third parties, which should be consistent with the Company's sustainable development targets	The target figure is the number of international CSR indices that included Legrand in 2016, plus another criterion[1].

(1) This CSR criterion was introduced into annual variable compensation in 2016.

Criteria and targets for annual variable compensation for 2017

				Min.	Target	Max.
Quantifiable portion: **¾ of variable total** **60% of fixed compensation (as a target)**	Operating margin	2017 adjusted operating margin (at 2016 scope)	As a % of fixed compensation	0%	**32%**	48%
			Indicator value	19.3%	19.7%	20.1%
	Organic growth	Organic revenue growth as a % of 2017 revenue	As a % of fixed compensation	0%	**12%**	18%
			Indicator value	0%	1.5%	3%
	Acquisitions	2017 revenue growth by scope of consolidation effect	As a % of fixed compensation	0%	**8%**	12%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Inclusion of Legrand in benchmark CSR indices	As a % of fixed compensation	0%	**8%**	12%
				7	12	14
	QUANTIFIABLE TOTAL			**0%**	**60%**	**90%**
Qualitative portion: **¼ of variable total** **20% of fixed compensation (as a target)**	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	**8%**	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, quality of docking process for acquisitions already made		0%	**8%**	12%
	General criteria	Risk management, labour issues, successions plans		0%	**4%**	6%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**

Executive Officer's long-term compensation for 2017

For 2017, the Chairman and Chief Executive Officer's long-term compensation consists of a performance share plan (the "**2017 Performance Share Plan**"), authorized by the Board of Directors at its meeting on March 15, 2017 on the recommendation of the Compensation Committee. This allocation, which will be converted into shares when the Board of Directors meets on May 31, 2017 at the end of the 2017 General Meeting of Shareholders, is 120% of the target amount of fixed compensation.

The number of performance shares that will be finally allocated to the Chairman and Chief Executive Officer at the end of a period of just over four years will be between 0% and 150% of the initial allocation, after enforcement of a service condition and several performance criteria.

Choice of performance criteria for long-term variable compensation and target-setting method

Performance criterion	Reason for criterion	Target-setting method
EBITDA margin as a % of sales	Relevant and rigorous profitability benchmark indicator	Since the average gap, in Legrand's favor, between Legrand's EBITDA margin and the MSCI average over a three-year period constitutes outperformance, the targets set are designed to maintain the relative outperformance recorded in the year before the plan's allocation.
Normalized free cash flow as a % of sales	Key indicator, central to Legrand's self-financed model	A high level of normalized free cash flow is essential to finance Legrand's two growth drivers: innovation and external growth. It also allows a dividend to be paid. The targets set are designed to maintain a high level of normalized free cash flow. They are particularly consistent with the annual target for adjusted operating margin before acquisitions, as disclosed to the market.
Level of achievement of CSR roadmap priorities	Legrand's CSR roadmap is central to its business model. It seeks to ensure profitable and sustainable growth for all stakeholders.	The targets set are intended to maintain a high level of achievement of the CSR roadmap.

Type of performance criteria	Description of performance criteria	Weighting of performance criteria
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand consolidated EBITDA margin as shown in the consolidated financial statements of the three years preceding the day of expiry of the three-year vesting period and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	1/3
"Internal" financial performance criterion	Arithmetic mean of levels of normalized free cash flow as a percentage of sales, as shown in the consolidated financial statements of the three years preceding the day of expiry of the three-year vesting period, compared to the target level.	1/3
Extra-financial performance criterion	Arithmetic mean over a three-year period of the average annual rates of achievement of the Group's CSR Roadmap priorities.	1/3

* *Note that the Group has identified a change in accounting standard (IFRS 16) which is likely to affect EBITDA and free cash flow in 2019. For more information, please refer to the section on IFRS 16, "Leases", which can be found in Chapter 8, note 1, section 1.2.1.4 on page 218 of the Registration Document.*

Since it was confirmed that the change would distort the assessment of performance, the Board of Directors reserves the right to update these two criteria, particularly for the 2019 performance measurement of the 2017 plan. In accordance with the Code of Corporate Governance, such a change would be made public and would need to maintain the alignment of shareholders' and beneficiaries' interests.

Performance conditions are tested over a three-year period and the number of performance shares finally granted to beneficiaries will be calculated according to the following method:

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
EBITDA margin average gap over three years in Legrand's favour between Legrand and the MSCI average	*3.5*(2) points or less	*7.8*(2) points	Equal to or more than *10*(2) points

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
3-year average in normalized free cash flow as a percentage of sales	8.6% or less	12%	Equal to or more than 13.7%

Non-financial performance criterion

Pay-out rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
3-year average achievement rate of the Group's CSR Roadmap priorities	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) Linear calculation of pay-out for any result between the limits indicated above.

(2) The values of these limits are indicated in the table above are given as examples only, to illustrate the calculation method applicable to the criterion. For the purposes of the allocation of performance shares which will take place on May 31, 2017, the values referred to will be the following:

- *mid-point : Gap between Legrand and the MSCI average seen in 2016 (data available in June 2017);*
- *lower limit: mid-point minus 4.3 points;*
- *upper limit: Mid-point plus 2.2 points.*

C - OTHER ELEMENTS OF COMPENSATION

Attendance fees

The Chairman and Chief Executive Officer receives no compensation in the form of attendance fees or other fees in respect of the office he holds in the Company or in other Group companies.

Extraordinary compensation

No extraordinary compensation is envisaged.

Commitments referred to in article L. 225-42-1 of the French Commercial Code

Pension plans

There is no commitment in this regard.

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 Chairman and Chief Executive Officer does not have an employment contract with the Company.

Incentive schemes and Profit sharing

The Company has for many years 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.

Other non-monetary compensation components (company car, pension plan, supplementary health plan and more)

At the date of registration of this Registration Document, the Group does not fund any benefit.

Signing bonuses

No signing bonus is planned in the 2017 financial year to compensate any new Executive Officer for the loss of previous benefits.

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6.2.2 - Compensation and benefits of company officers for 2016

6.2.2.1 COMPENSATION AND BENEFITS OF THE EXECUTIVE OFFICER FOR 2016

The summary tables of all of the components of due and paid compensation for the 2015 and 2016 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, are presented below.

Table 1 – Summary of compensation, stock options and shares allocated to the Executive Officer

		2015	2016
Gilles Schnepp, Chairman and Chief Executive Officer			
Compensation **due in respect** of the financial year (see Table 2 below for details)			
	(in euros)	1,160,000	1,160,000
Valuation of the stock-options awarded **during the** financial year (see Table 4 below for details)			
	Number of stock-options	-	-
	(in euros)	-	-
Valuation of performance shares awarded **during the** financial year (see Table 6 below for details)			
	Number of shares	-	-
	Value *(in euros)*	640,910(1)	659,375(2)
Valuation of long-term variable compensation awarded **during the** financial year			
	Number of shares	-	-
	Value *(in euros)*	-	-
TOTAL		**1,800,910**	**1,819,375**

(1) Number of performance shares allocated in 2015, as determined by an independent expert pursuant to IFRS 2, subject to the future performance conditions detailed in the section on "Outstanding performance share plans" contained in the Company's Registration Document.

(2) Number of performance shares allocated in 2016, as determined by an independent expert pursuant to IFRS 2, subject to the future performance conditions detailed in the section on "Outstanding performance share plans" contained in the Company's Registration Document.

Table 2 – Summary table of compensation for the Executive Officer

	2015		2016	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Annual variable compensation	535,000(1)	535,000	535,000(2)	535,000
Long-term incentive(3)	-	-	-	-
Extraordinary compensation	-	-	-	-
Attendance fees	-	-	-	-
Fringe benefits(4)	0	0	0	0
TOTAL	**1,160,000**	**1,160,000**	**1,160,000**	**1,160,000**

(1) *Mr. Gilles Schnepp's variable compensation for 2015 is €535,000 because Mr. Schnepp, on its own initiative, chose to waive a portion of his variable compensation for 2015, maintaining it at the 2014 level of €535,000. Mr. Schnepp's variable compensation was determined by the Board of Directors on the recommendation of the Compensation Committee, and was to be €630,625, corresponding to the achievement of all quantifiable and qualitative targets at 84.1% of the maximum, or 126.1% of the target. Details of the calculations are given in the section entitled "Annual bonus paid to the Executive Officer" on page 183 of the 2015 Registration Document filed with the French Financial Markets Authority under no. D.16-0232.*

(2) *Mr. Gilles Schnepp's variable compensation for the 2016 and the one for the 2015 financial year are identical because Mr. Gilles Schnepp, on his own initiative, waived a portion of his variable compensation for 2016, maintaining it at the 2015 level of €535,000. Mr. Schnepp's variable compensation was determined by the Board of Directors on the recommendation of the Compensation Committee, and was to be €640,000, corresponding to the achievement of all quantifiable and qualitative targets at 85.3% of the maximum, or 128% of the target. Details of the calculations are given below in the section entitled "Annual bonus paid to the Executive Officer", on page 187 of the Registration Document.*

(3) *There was no grant during the last financial year. Regarding the 2013 Performance Shares Plan, note that the vesting period expired on March 7, 2016 and that the rate of achievement of the future performance conditions was 100.2% achieved. Mr. Schnepp will receive an amount corresponding to these Future Performance Shares at the end of a further two-year period. The amount is not yet known because it is index-linked to the closing price of Legrand's shares on the NYSE Euronext Paris market on the day of the beneficiary's decision to exercise the Future Performance Units. Shareholders will vote on this amount once it is known.*

The performance conditions for the 2014 Future Performance Unit Plan will not be assessed until March 6, 2017. However, some of the data required for the assessment of the performance conditions will only be available from June 2017. The Future Performance Units are also subject to a further two-year lock-in period during which their unit value will be determined on the basis of the average daily closing price of Legrand's shares on the NYSE Euronext Paris market. Shareholders will vote on this amount once it is known.

(4) *At the date of registration of this Registration Document, the Group does not fund any benefit.*

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Fixed compensation paid to the Executive Officer

For the 2016 financial year, the fixed compensation paid to Mr. Gilles Schnepp was €625,000, unchanged from the 2011 financial year.

Annual variable compensation paid to the Executive Officer

The annual variable compensation bonus paid to Mr. Gilles Schnepp for the 2016 financial year was determined by the Board of Directors on March 15, 2017, based on the recommendation of the Compensation Committee and after applying the criteria set at the beginning of 2016 by the Compensation Committee and subsequently approved by the Board of Directors as presented in the following chart.

It is hereby specified that, in compliance with the Code of Corporate Governance, the Board deliberated on Mr. Gilles Schnepp's compensation without the presence of the latter.

Note that on March 17, 2016, the Board of Directors, on the recommendation of the Compensation Committee, decided to replace the quantifiable CSR criterion linked to the average level of achievement of the 21 priorities of the 2014-2028 roadmap with another CSR criterion linked to Legrand's inclusion in CSR indices, as verified each year. This change is justified by the need to have different CSR criteria for annual variable and long-term compensation, since the latter measures the average level of achievement of the priorities of the Group's CSR roadmap as part of the implementation of long-term incentive plans. However, the weighting of quantifiable and qualitative criteria established for 2015 has been maintained.

				Min.	Target	Max.	Actual
Quantifiable portion: ¾ of variable total 60% of fixed compensation (as a target)	Economic income	Adjusted operating income less the cost of capital employed in € millions	As a % of fixed compensation	0%	40%	60%	50.0%
			Indicator value	649	749	849	799
	Organic growth of net sales	Organic revenue growth as a % of 2016 sales	As a % of fixed compensation	0%	8%	12%	11.6%
			Indicator value	-2%	0%	2%	1.8%
	Acquisitions	2016 revenue growth by scope of consolidation effect	As a % of fixed compensation	0%	4%	6%	3.8%
			Indicator value	0%	5%	10%	4.7%
	Corporate Social Responsibility (CSR)	Inclusion of Legrand in CSR benchmark indices	As a % of fixed compensation	0%	8%	12%	8.0%
			Indicator value	5	11	14	11
	QUANTITATIVE TOTAL			**0%**	**60%**	**90%**	**73.4%**
Qualitative portion: ¼ of variable total 20% of fixed compensation (as a target)	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	8%	12%	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, quality of docking process for acquisitions already made		0%	8%	12%	11%
	General criteria	Risk management, labour issues, succession plans		0%	4%	6%	6%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**29%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**	**102.4%**

Therefore, for the 2016 financial year, the quantifiable and qualitative targets were met at 85.3% of the maximum, *i.e.* 128% of the target. As a result, Mr. Gilles Schnepp's variable compensation for 2016 amounted to €640,000. However, on his own initiative, Mr. Gilles Schnepp waived a portion of his variable compensation for 2016 in order to maintain it at the 2015 level of €535,000.

The principles governing the determination of the variable portion of Mr. Gilles Schnepp's annual compensation, as calculated in the above table, are as follows:

a) the target value of the quantifiable portion is set at 60% of fixed compensation, with a possible variation of between 0% and 90% of said fixed compensation. The 2016 achievement of this quantifiable portion totaled 73.4% of fixed compensation, determined on the basis of the following criteria:

- up to 40% of fixed compensation (target value) based on criteria linked to the achievement of a certain level of economic income (40% of fixed compensation for economic income of €749 million, with a variation of between 0% and 60% of fixed compensation for economic income of between €649 million and €849 million),
- up to 8% 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 2016, with the target of this portion of the bonus being set at 0% (with a variation of between 0% and 12% of fixed compensation for organic growth between -2.0% and +2.0%),
- up to 4% of fixed compensation (target value) based on criteria linked to 2016 revenue growth from acquisitions, with the target of this portion of the bonus being set at 5% (with a variation of between 0% and 6% of fixed compensation for revenue growth from acquisitions of between 0% and 10%),
- up to 8% of fixed compensation (target value) based on criteria linked to Legrand's inclusion in CSR benchmark indices, with the target being set at 11 CSR indices (with a variation of between 0% and 12% of fixed compensation for Legrand's inclusion in 5 to 14 CSR indices);

b) the target value of the quantifiable portion was set at 20% of fixed compensation, with a possible variation of between 0% and 30% of said fixed compensation. The 2016 achievement of this qualitative portion totaled 29% 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. This achievement was determined on the basis of the following criteria:

- 8% of the fixed compensation (target value) based on revenue growth: increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies,
- 8% 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,
- 4% of fixed compensation (target value) linked to other general criteria, particularly risk management, labour relations concerns and 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 compensation

Future Performance Units

In 2016, no grant was made in respect of the previous financial year.

Options for the subscription or purchase of shares

In 2016, no options to purchase or subscribe to shares have been allocated.

Performance shares

As concerns the allocation of performance shares in 2016, Mr. Gilles Schnepp was allocated performance shares subject to the future performance conditions detailed in the section "Outstanding performance share plans" on page 190 of this Registration Document. Their value was determined by an independent expert pursuant to IFRS 2 and stood at €659,375.

The vesting period of the performance shares allocated in 2016 will end on June 17, 2020. On that date, performance and attendance conditions will be verified, bearing in mind that with respect to attendance, the following rules are applicable to Mr. Gilles Schnepp:

- in the event that Mr. Gilles Schnepp is dismissed, his contract is not renewed, or he resigns or retires during the vesting period, in line with the recommendations of the French Financial Markets Authority and Code of Corporate Governance, he will not be granted the shares initially allocated by the Board of Directors, unless doing so is justified by exceptional circumstances explained by the Board of Directors and made public;
- in the event of death during the vesting period, the beneficiary's heirs may request that ownership of all the shares the Board of Directors initially allocated to the deceased beneficiary be transferred to them;
- in the event that the beneficiary becomes permanently disabled, within the meaning of French law or that of the beneficiary's country of residence, in accordance with the provisions of French law, he or she may ask that ownership of the shares the Board of Directors initially allocated to him or her be immediately transferred without waiting for the vesting period to expire.

Mr. Gilles Schnepp, on his own initiative, waived a portion of the shares allocated during the 2016 financial year. (for further information, please refer to Table 6, "Performance shares freely allocated by the General Meeting of Shareholders during the financial year to the Executive Officer by the Company and by any Group company", on page 189 of the Registration Document).

Table 4 – Options for the subscription or purchase of shares awarded by the Company and by any Group company to the Executive Officer 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 Officer during the 2016 financial year.

Outstanding stock option plans

General principles

Stock option and performance share plans implemented by the Company in respect of previous financial years are outlined in sections 7.2 and 7.3 of the Company's Registration Document.

No discount was applied at the time of their implementation. In addition, the Company has not 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 is in compliance with the rules on awarding options and performance shares defined in the Code of Corporate Governance.

Stock option plans

Since the March 4, 2010 Plan, no options to purchase or subscribe to shares have been allocated.

Table 5 – Options for the subscription or purchase of shares exercised by the Executive Officer during the financial year

Executive Officer	Date of plan	Number of options exercised during the year	Exercise price*
Gilles Schnepp	2010 plan (03/04/2010)	-	21.57

* As stated in section 7.2 of the Registration Document, the number and exercise price of stock options was adjusted on May 27, 2016, under the conditions of article L. 228-99 of the Commercial Code, to take into account the impact of this transaction on the interests of stock option beneficiaries, considering the terms and conditions of dividend payment decided by the Company's Combined Ordinary and Extraordinary General Meeting of Shareholders.

Table 6 – Performance shares freely awarded by the General Meeting of Shareholders during the financial year to the Executive Officer by the Company and by any Group company

Executive Officer	Date of plan	Number of shares allocated during the year	Valuation of the shares according to the method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions
Gilles Schnepp	2016 plan (05/27/2016)	15,181*	€659,375	06/17/2020	06/17/2020	For a description of the applicable performance conditions, see page 190 of this Registration Document.

* Mr. Gilles Schnepp, on his own initiative, waived a portion of the shares allocated during the 2016 financial year.

Outstanding performance share plans

On the recommendation of the Compensation Committee, the Board of Directors, at its meetings of May 29, 2015 and May 27, 2016, approved the implementation of the performance share plan (the "**2015 Performance Share Plan**" and the "**2016 Performance Share Plan**", respectively) to which Mr. Gilles Schnepp is entitled.

The number of performance shares that will be finally allocated to Mr. Gilles Schnepp will vary between 0% and 150% of the number of shares initially allocated, subject to his continued employment and various performance criteria as described in the tables below.

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
EBITDA margin, average gap over 3 years in Legrand's favour between Legrand and the MSCI average	2015 Plan:	2015 Plan:	2015 Plan:
	4 points or less*	8.3 points	10.5 points or more
	2016 Plan:	2016 Plan:	2016 Plan:
	3.5 points or less*	7.8 points	10.0 points or more

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
3-year average in normalized free cash flow as a percentage of sales	2015 Plan:	2015 Plan:	2015 Plan:
	9.4% or less	12.8%	14.5% or more
	2016 Plan:	2016 Plan:	2016 Plan:
	8.8% or less	12.2%	Equal to or more than 13.9%

Non-financial performance criterion (applicable to the 2016 plan)

Applicable to the Executive Officer

Pay-out rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
3-year average achievement rate of the Group's CSR Roadmap priorities	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

Table 7 – Performance shares freely awarded that have become available during the financial year for the Executive Officer

Executive Officer	Date of plan	Number of shares that have become available during the year	Acquisitions terms
Gilles Schnepp	N/A	None	N/A

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Table 10 – Summary of multi-annual variable compensation allocated to the Executive Officer for previous financial years by the Company and by any Group company

(in euros)	**2013**	**2014**
Gilles Schnepp, Chairman and Chief Executive Officer	2013 Future Performance Unit Plan	2014 Future Performance Unit Plan
Date of plan	March 6, 2013	March 5, 2014
Min. Target Max. *(as a % of fixed compensation)*	0% 100% 150%	0% 100% 150%
IFRS valuation *(in euros)* before index-linking to share price and application of performance conditions	605,221	600,508
Performance conditions	For a description of the applicable performance conditions, see page 192 of this Registration Document.	
Date on which presence and performance conditions are verified	March 6, 2016	March 6, 2017
Level of achievement of future performance conditions	100.2%	Known in June 2017
Method used to index the value of Future Performance Units to the share price	For a description of the method used to index the value of Future Performance Units to the share price during the two-year lock-in period, please refer to page 193 of this Registration Document.	

Outstanding performance unit plans

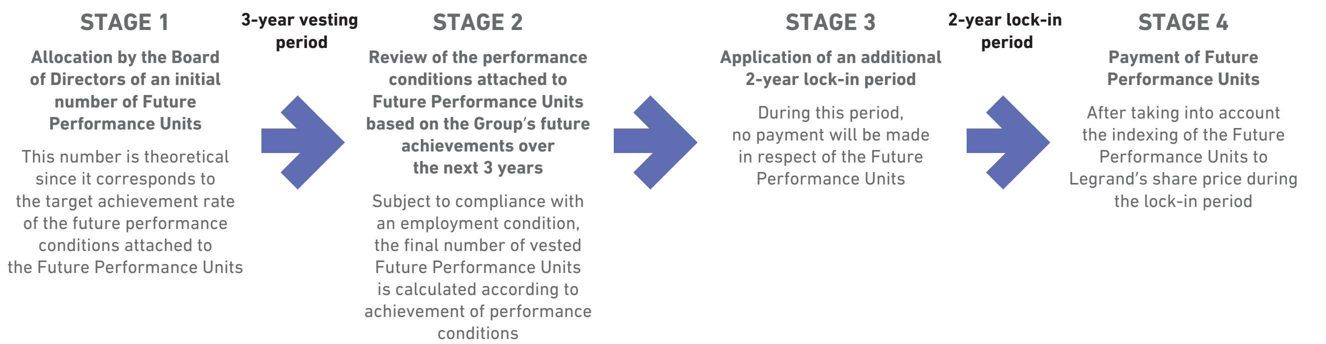
For 2013 and 2014, the long-term variable compensation approved by the Board of Directors and presented in the table above consists of Future Performance Unit Plans.

On the recommendation of the Compensation Committee, the Board of Directors, at its meetings of March 6, 2013 and March 5, 2014, decided to 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 (for 2013 and 2014) 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.

Overview of the Performance Unit Plans in practice

The 2013 and 2014 Performance Unit Plans are contingent on attendance and performance conditions. Details are provided in the chart below:



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 applicable performance conditions, which cover all performance units, are identical to those attached to the Performance Shares, as described in the section "Executive Officer's long-term compensation for 2017" on page 183 of the Registration Document. This excludes the non-financial performance condition introduced in 2016, which is linked to the average level of achievement of the priorities of the Group's CSR roadmap over three years.

For each Future Performance Unit plan, on the recommendations of the Compensation Committee, the Board of Directors determines the target "external" and "internal" performance conditions, which will be tested over a three-year period. The target level is set to ensure that the performance conditions are rigorous. After the 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:

2013 Performance Unit Plan

"External" financial performance criterion

Pay-out rate(1)	0%	100%	145%	Actual: 90.8%
Average gap in Legrand's favour between Legrand and the MSCI average over a three-year period	4 points or less	8.3 points	12 points or more	8.0 points

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	145%	Actual: 109.6%
Average normalized free cash flow as a percentage of sales over a three-year period	9% or less	12.4%	16% or more	13.2%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

Rate of achievement of the 2013 Performance Unit Plan: 100.2%.

2014 Performance Unit Plan

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average gap in Legrand's favour between Legrand and the MSCI average over a three-year period	4 points or less*	8.3 points	10.5 points or more

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a three-year period	9.4% or less	12.8%	Equal to or more than 14.5%

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 an amount equivalent to dividends per share paid on Legrand shares during the two-year lock-in period, capitalized over said period and multiplied by the number of Future Performance Units held by Mr. Schnepp. As stated, the amount that will be paid to Mr. Gilles Schnepp may not, in any event, exceed 150% of his fixed compensation.

Table 11 – Compensation and benefits due on termination of the Executive Officer's position

	Employment contract		Supplementary pension plans		Indemnities or benefits due or which may become due as a result of termination or change of office		Non-compete compensation	
Executive Officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Gilles Schnepp								
Chairman and Chief Executive Officer		x		x		x		x
Commencement: May 27, 2014								
Expiration: General Meeting of Shareholders called to consider the accounts for the year ending December 31, 2017								

(1) **Under the 2013 Performance Unit Plan**, *the unit value of Future Performance Units is equal to the closing price of the Legrand share on NYSE Euronext Paris on the day the beneficiary decides to exercise Future Performance Units during the two-year lock-in period. This unit value is therefore dependent on the company's stock market performance.*

Under the 2014 Performance Unit Plan, *the unit value of Future Performance Units is equal to the average of the daily closing price of the Legrand share on NYSE Euronext Paris during the two-year lock-in period. The change in the calculation of the unit value in relation to the 2013 Performance Unit Plan aims to further tie long-term variable compensation to the company's market performance.*

6.2.2.2 COMPENSATION OF NON-EXECUTIVE OFFICERS

Attendance fees paid to Directors

The Board of Directors allocates attendance fees to Directors based on the recommendation of the Compensation Committee and on the total amount of attendance fees allocated by the Shareholders' General Meeting.

The maximum amount of attendance fees authorized by the May 27, 2014 General Meeting of Shareholders is €800,000. This amount remains in force until a new one is adopted by the Shareholders' General Meeting..

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. Because the Board of Directors met six times in 2016, 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 6.1.2 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 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.

Summary of amounts paid to directors in attendance fees for 2016 and 2015

The table below presents the amounts paid in attendance fees for 2015 and 2016 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.

Table 3 – Attendance fees and other payments to non-executive Officers

Non-executive Directors	Gross amounts paid in 2015 *(in euros)*	Gross amounts paid in 2016 *(in euros)*
Olivier Bazil		
Attendance fees	65,000	66,000
Other payments		
Isabelle Boccon-Gibod[(1)]		
Attendance fees		33,167
Other payments		
Christel Bories		
Attendance fees	76,000	78,000
Other payments		
Angeles Garcia-Poveda		
Attendance fees	100,000	112,000
Other payments		
François Grappotte		
Attendance fees	50,000	50,000
Other payments		
Gérard Lamarche[(2)]		
Attendance fees	78,000	20,833
Other payments		
Thierry de La Tour d'Artaise		
Attendance fees	45,000	51,000
Other payments		
Dongsheng Li		
Attendance fees	35,000	25,000
Other payments		
Annalisa Loustau Elia		
Attendance fees	50,000	56,000
Other payments		
Eliane Rouyer-Chevalier		
Attendance fees	58,000	78,000
Other payments		
TOTAL	**557,000**	**570,000**

(1) Director whose appointment was approved by the General Meeting of Shareholders of May 27, 2016.

(2) Director not re-elected on May 27, 2016.

The Board of Directors meeting of March 15, 2017 approved the payment in 2017 of €570,000 as attendance fees in respect of the 2016 financial year.

The Executive Officer waived his right to receive attendance fees from 2011.

6.2.3 - Shareholding by Directors

Please refer to pages 319-324 of this Registration Document.

6.2.4 - Other benefits granted to Directors

The Company has not granted any loan, advance or guarantee to any of its Directors.

6.2.5 - Compensation attributable for the 2017 financial year to the Chairman and Chief Executive Officer and compensation components due or allocated for the 2016 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted to shareholders' opinion

6.2.5.1 COMPENSATION POLICY APPLICABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF THE 2017 FINANCIAL YEAR, SUBMITTED FOR SHAREHOLDERS' APPROVAL

In accordance with article L. 225-137-2 of the French Commercial Code, the principles and criteria for the calculation, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman and Chief Executive Officer in respect of his office for the 2017 financial year, which make the compensation policy applicable to him, are subject to shareholder approval at the next General Meeting of Shareholders convened to approve the financial statements for the 2016 financial year.

The amounts that would result from the enforcement of these principles and criteria will be submitted for shareholder approval at the General Meeting of Shareholders convened to approve the financial statements for the 2017 financial year, it being specified that payment of variable and exceptional compensation components is conditional upon approval of the 2018 General Meeting of Shareholders.

These components are detailed in the following table:

Compensation components due or allocated in respect of the 2017 financial year	Amounts or weighting as a percentage of fixed compensation	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 variable compensation	Min.: 0% Target: 80% Max.: 120%	The Board of Directors decided that the variable compensation paid to the Chairman and Chief Executive Officer in respect of the 2017 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing ¾ of annual variable compensation) calculated on the basis of criteria linked to (i) achievement of a certain level of "adjusted operating margin", (ii) 2017 organic growth in revenue, (iii) 2017 revenue growth by consolidation scope impact, and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing ¼ of annual variable compensation) 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 in the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, quality of docking processes for acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. These quantifiable and qualitative criteria, as well as the targets set, are described in detail in section 6.2.2.1 of the Company's Registration Document.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long-term cash incentive	Not applicable	No grant is planned in respect of 2017.

Compensation components due or allocated in respect of the 2017 financial year	Amounts or weighting as a percentage of fixed compensation	Details
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	No grant is planned in respect of 2017.
	Performance shares	On a recommendation from the Compensation Committee, the Board of Directors on March 15, 2017 decided to set up a 2017 Performance Share Plan. This plan is described (especially the performance conditions applicable to the allocation of shares and the calculation method for determining the number of shares ultimately allocated) in section 6.2.1.1 of the Company's Registration Document, on pages 182-184. The target value of this plan has been set at 120% of the fixed compensation and will be converted into shares. The number of performance shares finally allocated may vary in a range between 0% and 150% of the initial allocation, according to the level of attainment of "external" and "internal" financial performance conditions and an extra-financial performance condition. As stated previously, the Board of Directors took its decision on March 15, 2017 on the basis of an authorization granted by the General Meeting on May 27, 2016, in its thirteenth resolution (Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers).
	Other securities: Not applicable	No grant is planned in respect of 2017.
Extraordinary compensation	Not applicable	There are no plans to allocate any extraordinary compensation.
Attendance fees	Not applicable	The Chairman and Chief Executive Officer does not receive attendance fees in respect of his office within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

Compensation components to be submitted to shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components to be submitted to 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 plans	Not applicable	There is no commitment in this regard.

Signing bonus in the event of the arrival of a new Executive Officer in the course of 2017

There is no provision for any signing bonus intended to compensate loss of benefits in the event of arrival of a new executive officer in the course of the 2017 financial year.

6.2.5.2 COMPENSATION COMPONENTS DUE OR ALLOCATED IN RESPECT OF THE 2016 FINANCIAL YEAR TO MR. GILLES SCHNEPP, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SUBMITTED TO 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 2016 financial year, at the next General Meeting of Shareholders convened to approve the 2016 financial statements. These components are detailed in the following table:

Compensation components due or allocated for the year ended December 31, 2016	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 variable compensation	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2016 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing 3/4 of annual variable compensation) calculated on the basis of criteria linked to (i) achievement of a certain level of "economic income," *i.e.* adjusted operating income less the cost of capital employed, (ii) 2016 organic growth in revenue, (iii) 2016 revenue growth by consolidation scope impact, and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing 1/4 of annual variable compensation) calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, quality of docking processes for 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, the Board, at its meeting on March 15, 2017, set: ■ the amount of the 2016 variable portion due in respect of meeting quantifiable targets at 73.4% of annual fixed compensation; and ■ the amount of the 2016 variable portion due in respect of meeting qualitative targets at 29% of annual fixed compensation, corresponding to a rate of achievement of 85.3% of the maximum annual bonus and 128% of the target, *i.e.* €640,000. (details of the rate of achievement of the quantifiable and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document). However, it should be noted that Mr. Gilles Schnepp chose, on its own initiative, to waive a portion of this variable compensation in respect of 2016 so as to keep it at the same level as 2015, *i.e.* €535,000.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long-term cash incentive	Not applicable	There was no grant during the last financial year. It may be noted that the vesting period of the 2013 Future Performance Units Plan expired on March 7, 2016, with a rate of achievement of future performance conditions of 100.2%. The amount corresponding to these Future Performance Units, which will be paid to Mr. Gilles Schnepp at the end of an additional two-year period, is not currently known as it is indexed on the Legrand share closing price on NYSE Euronext Paris on the day of the beneficiary's decision to exercise the Future Performance Units. Said amount shall be submitted to the vote of shareholders once it is known. These plans (especially the performance conditions applicable to performance units allocated) are described in section 6.2.2.1 of the Company's Registration Document, pages 191-193.

Compensation components due or allocated for the year ended December 31, 2016	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 2016 financial year.
	Performance share valuation: €659,375	On a recommendation of the Compensation Committee, the Board of Directors on May 27, 2016 decided to set up a 2016 Performance Share Plan. This plan (especially the performance conditions applicable to the allocation of shares) is described in section 6.2.2.1 of the Company's Registration Document, on page 190, and in chapter 7.3 of the Company's Registration Document, on page 207. The allocation benefiting Mr. Gilles Schnepp in respect of this plan amounted to 3.08% of the overall allocation*. The number of performance shares allocated to Mr. Gilles Schnepp is 15,181. This number may subsequently vary in a range between 0% and 150% of the number of shares initially allocated, according to the level of attainment of "external" and "internal" financial performance conditions and an extra-financial performance condition. As stated previously, the Board of Directors took its decision on May 27, 2016 on the basis of an authorization granted by the General Meeting on May 24, 2013, in its ninth resolution (Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers).
	Other securities: Not applicable	There was no grant during the 2016 financial year.
Extraordinary compensation	Not applicable	There are no plans to allocate any extraordinary compensation.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees in respect of his office within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

* *This calculation takes into account (i) the adjustment in the number of performance shares made in view of the conditions of dividend payment decided upon by the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2016, to acknowledge the impact of this operation on the interests of beneficiaries of performance shares (for details please refer to chapter 7.3 of the Company's Registration Document), and (ii) Mr. Gilles Schnepp's decision to waive part of his entitlement to shares allocated during the 2016 financial year (for details please refer to table 6, "Performance shares freely awarded by the General Shareholders' Meeting during the financial year to the Executive Officer by the Company and by any Group company", on page 189 of the Company's Registration Document)..*

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components voted upon by the General Meeting of Shareholders 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 plans	Not applicable	There is no commitment in this regard.

SHARE OWNERSHIP

07

7.1 - BREAKDOWN OF SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2016.

7.1.1 - Shareholding structure at December 31, 2016 and changes to the shareholding structure in 2016

7.1.1.1 SHAREHOLDING STRUCTURE AT DECEMBER 31, 2016

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Current and former managers and employees (Employee Savings Plan)(1)	10,771,429	4.03	10,771,429	4.03	10,771,429	4.05
Treasury stock(2)	1,365,561	0.51	1,365,561	0.51	0	0
Free float	255,190,384	95.46	255,190,384	95.46	255,190,384	95.95
TOTAL	**267,327,374**	**100**	**267,327,374**	**100**	**265,961,813**	**100**

(1) Relates to shares held in registered form by current and former managers of the Group, and to shares held by employees in an employee savings investment fund (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

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7.1.1.2 CHANGES IN SHAREHOLDING DURING THE 2016 FINANCIAL YEAR AND INFORMATION ON BREACHES OF LEGAL THRESHOLDS

The Company was notified of the following breaches of the legal thresholds during the 2016 financial year:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
BlackRock Inc., acting on behalf of the clients and funds it manages	08/12/2016	08/11/2016	5% of the capital	Above	5.08%	5.08%
BlackRock Inc. has also disclosed that it holds 1,390,824 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						
BlackRock Inc., acting on behalf of the clients and funds it manages	08/16/2016	08/15/2016	5% of the capital	Below	4.99%	4.99%
BlackRock Inc. has also disclosed that it holds 1,959,942 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						
BlackRock Inc., acting on behalf of the clients and funds it manages	08/17/2016	08/16/2016	5% of the capital	Above	5.28%	5.28%
BlackRock Inc. has also disclosed that it holds 1,650,841 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						
BlackRock Inc., acting on behalf of the clients and funds it manages	12/13/2016	12/12/2016	5% of the capital	Below	4.95%	4.95%
BlackRock Inc. has also disclosed that it holds 1,702,843 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						
BlackRock Inc., acting on behalf of the clients and funds it manages	12/14/2016	12/13/2016	5% of the capital	Above	5.01%	5.01%
BlackRock Inc. has also disclosed that it holds 1,655,977 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						
BlackRock Inc., acting on behalf of the clients and funds it manages	12/15/2016	12/14/2016	5% of the capital	Below	4.83%	4.83%
BlackRock Inc. has also disclosed that it holds 1,642,439 shares in the Company on behalf of clients (not included in the above holding), in which they retain voting rights.						

Between the end of the 2016 financial year and the date of this Registration Document, the Company was notified that the following legal thresholds had been breached:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
Massachusetts Financial Services (MFS) Company	01/20/2017	01/19/2017	10% of the capital	Below	9.98%	9.98%

To the best of the Company's knowledge, and based on the threshold disclosures filed with the French Financial Markets Authority ("AMF"), no shareholder, other than Massachusetts Financial Services (MFS) Company, holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this Registration Document.

7.1.2 - Shareholding structure at December 31, 2015 and changes to the shareholding structure in 2015

The Company's shareholding structure at December 31, 2015 was as follows:

Shareholders	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
	Number	%	Number	%	Number	%
Current and former managers and employees (Employee Savings Plan)(1)	10,817,714	4.05	10,817,714	4.05	10,817,714	4.06
Treasury stock(2)	156,595	0.06	156,595	0.06	0	0
Free float	255,956,293	95.89	255,956,293	95.89	255,956,293	95.94
TOTAL	**266,930,602**	**100**	**266,930,602**	**100**	**266,774,007**	**100**

(1) *Relates to shares held in registered form by current and former managers of the Group, and to shares held by employees in an employee savings investment fund (FCPE).*

(2) *Voting rights not exercisable at Shareholders' General Meetings.*

Information on breaches of legal thresholds and changes to the shareholding structure during the 2015 financial year can be found in section 7.1.1 of the 2015 Registration Document filed with the AMF under No. D.16-0232.

7.1.3 - Shareholding structure at December 31, 2014 and changes to the shareholding structure in 2014

The Company's shareholding structure at December 31, 2014 was as follows:

Shareholders	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
	Number	%	Number	%	Number	%
Current and former managers and employees (Employee Savings Plan)(1)	10,798,984	4.05	19,454,532	6.93	19,454,532	6.95
Treasury stock(2)	493,806	0.19	493,806	0.18	0	0
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) *Refers to shares held in registered form by current and former managers of the Group, and to shares held by employees in an employee savings investment fund (FCPE).*

(2) *Voting rights not exercisable at Shareholders' General Meetings.*

Information on breaches of legal thresholds and changes to the shareholding structure during the 2014 financial year can be found in section 8.1.1 of the 2014 Registration Document filed with the AMF under No. D. 15-0352.

7.1.4 - Shareholders' agreement and specific agreements

To the Company's knowledge, there is no shareholders' agreement in effect as at the date of this Registration Document, governing relations between its shareholders, nor are any shareholders acting in concert.

7.2 - 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' General 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	1,642,578(1)	2,022,337(1)	1,190,249(1)	3,271,715(1)
o/w to company officers	*79,871(1)*	*142,282(1)*	*94,663(1)*	*220,212(1)*
■ *Gilles Schnepp*	*40,880(1)*	*72,824(1)*	*48,460(1)*	*135,935(1)*
■ *Olivier Bazil*	*38,991(1)*	*69,458(1)*	*46,203(1)*	*84,277(1)*
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	€24.91(1) Average closing price over the 20 trading days preceding the Board Meeting	€20.34(1) Average closing price over the 20 trading days preceding the Board Meeting	€12.97(1) Average closing price over the 20 trading days preceding the Board Meeting	€21.57(1) Average closing price over the 20 trading days preceding the Board Meeting
Exercise conditions (when the plan has more than one tranche)	(2)(3)	(2)(3)	(2)(3)	(2)(3)
Number of shares subscribed for as of 12/31/2016	(1,244,096)	(1,466,477)	(781,985)	(1,759,586)
Total number of stock options cancelled or expired	(108,448)	(122,844)	(108,507)	(238,401)
Stock options outstanding at 12/31/2016	**290,034**	**433,016**	**299,757**	**1,273,728**

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meetings of Shareholders of the Company on May 29, 2015 and May 27, 2016, the number and exercise price of the stock options were adjusted to take into account the impact of this transaction on the grantees' interests, in accordance with article L. 228-99 of the Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions. For more details, please refer to note 12 of the consolidated financial statements at December 31, 2014.

The weighted average market price when stock options were exercised in 2016 was €51.36.

If all options were exercised (i.e. 2,296,535 options), the Company's share capital would be diluted by a maximum of 0.9% (this is a maximum dilution as it does not take into account the subscription price of the options) as at December 31, 2016.

The Group measures the fair value of share-based instruments at the grant date. To value them, it uses either the binomial model or the Black & Scholes model.

Stock warrants and stock options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not Executive Officers

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not Executive Officers of the Company during the financial year ended December 31, 2016:

Stock warrants or stock-options granted to and exercised by the ten highest beneficiaries who are not Executive Officers	Total number of options allocated/ shares subscribed or purchased	Weighted average price	2010 Plan		2009 Plan		2008 Plan		2007 Plan	
			before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)
		20.788	21.75	21.568	13.08	12.97	20.51	20.338	25.12	24.91
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)	None	-	-	-	-	-	-	-	-	-
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)	111,234		8,779	31,198	3,303	3,758	4,970	48,505	4,927	5,794

(1) *In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 27, 2016, the number and exercise price of the stock options were adjusted, in accordance with article L. 228-99 of the French Commercial Code, to take into account the impact of this transaction on the beneficiaries' interests.*

Information on options granted to and exercised by the executive officer during the year ended December 31, 2016 is included in section 6.2.2.1 of this Company's Registration Document.

The executive officer is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

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7.3 - PERFORMANCE SHARES

Table 10 – Breakdown of free share allocations

The Company's Board of Directors approved the introduction of the following performance share plan:

2012 performance share plans

	2012 Plan
Date of Shareholders' General Meeting	05/26/2011
Date of Board of Directors' meeting	03/07/2012
Total number of free performance shares granted	987,910[(1)]
o/w number of free performance shares granted to the executive officer	*30,710*
Share acquisition date	residents' plan: 03/08/2014 non-residents' plan: 03/08/2016
End of holding period	residents' plan: 03/09/2016 non-residents' plan: 03/08/2016
Number of free performance shares subscribed for as of 12/31/2016	(933,481)
Total number of free performance shares cancelled or expired	(54,429)
Performance shares outstanding at 12/31/2016	**0**

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 29, 2015, the number of performance shares remaining was adjusted to take into account the impact of this transaction on the interests of the performance share beneficiaries, in accordance with article L. 228-99 of the Commercial Code.

2015 and 2016 performance share plans

The Company's Board of Directors also approved the introduction of the following performance share plans:

	2015 Plan	2016 Plan
Date of Shareholders' General Meeting	05/24/2013	05/24/2013
Date of Board of Directors' meeting	05/29/2015	05/27/2016
Total number of free performance shares granted	386,150[(1)]	492,140[(1)]
o/w number of free performance shares granted to the executive officer	*14,487[(1)]*	*15,181[(1)]*
IFRS 2 liability (total in €m)	16.3[(2)]	20.3[(2)]
Share acquisition date	06/17/2019	06/17/2020
End of holding period	06/17/2019	06/17/2020
Number of free performance shares subscribed for as of 12/31/2016	0	0
Total number of free performance shares cancelled or expired	(13,343)	0
Free performance shares outstanding at 12/31/2016	**372,807**	**492,140**

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 29, 2015 and May 27, 2016, the number of performance shares remaining was adjusted to take into account the impact of this transaction on the interests of the performance share beneficiaries, in accordance with article L. 228-99 of the Commercial Code. Moreover, the number of performance shares was reduced following the decision of the executive officer to waive the 9,577 performance shares that were originally allocated to him under the 2015 plan and the 10,122 performance shares originally allocated to him under the 2016 plan.

(2) Total expense by plan valued at the date of the Board of Directors' meeting, to be spread over the four-year vesting period.

If all performance shares under the 2015 and 2016 plans as recorded as at December 31, 2016 were to vest, the Company's capital would be diluted by 0.3% as at December 31, 2016.

Under the 2016 Plan, 107,614 free performance shares were allotted in respect of the 2016 financial year to the 10 non-executive employees of the Company with the highest share awards, before applying the performance and employment conditions attached to said shares.

Information on the shares allocated to the executive officer or vested during the financial year ended December 31, 2016 is included in section 6.2.2.1 of this Registration Document.

The executive officer is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

7.4 - REGULATED AGREEMENTS AND COMMITMENTS

7.4.1 - Description and qualification

In accordance with the AMF Recommendation No. 2012-05 of July 2, 2012 on "General meetings of shareholders of listed companies", 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*.

7.4.2 - Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2016

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, conditions and the reasons for the company's interest 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

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the Shareholders' Meeting which remained in force during the year.

Neuilly-sur-Seine, March 15, 2017
The Statutory Auditors
French Original signed by

PricewaterhouseCoopers Audit
Edouard Sattler

Deloitte & Associés
Jean-François Viat

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

08

8.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

8.1.1 - Consolidated key figures

(in € millions)	2016	2015
Net sales	**5,018.9**	**4,809.9**
Adjusted operating profit(1)	**978.5**	**930.4**
As % of net sales	*19.5%*	*19.3%*
	*19.7% before Acquisitions**	
Operating profit	**934.0**	**886.7**
As % of net sales	*18.6%*	*18.4%*
Adjusted net income excluding minority interests	**567.3**	**550.6**
As % of net sales	*11.3%*	*11.4%*
Net income excluding minority interests	**628.5**	**550.6**
As % of net sales	*12.5%*	*11.4%*
Normalized free cash flow(2)	**623.9**	**617.2**
As % of net sales	*12.4%*	*12.8%*
Free cash flow(3)	**673.0**	**666.0**
As % of net sales	*13.4%*	*13.8%*
Net financial debt at December 31(4)	**957.0**	**802.7**

* *At 2015 scope of consolidation.*

(1) *Adjusted operating profit is defined as operating profit adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense and income relating to acquisitions and, where applicable, for impairment of goodwill.*

(2) *Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.*

(3) *Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.*

(4) *Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.*

Comment on adjusted net income excluding minority interests

2016 adjusted net income excluding minority interests does not take into account the favorable accounting impact of a tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This €61.2 million tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.

The reconciliation of consolidated key figures with the financial statements is available in the appendices to the 2016 results press release.

8.1.2 - Consolidated statement of income

(in € millions)	12 months ended December 31, 2016	12 months ended December 31, 2015
Net sales (Notes 2.1 et 2.3.1)	**5,018.9**	**4,809.9**
Operating expenses (Note 2.4)		
Cost of sales	(2,381.0)	(2,333.5)
Administrative and selling expenses	(1,364.7)	(1,310.3)
Research and development costs	(237.7)	(216.1)
Other operating income (expenses)	(101.5)	(63.3)
Operating profit	**934.0**	**886.7**
Financial expenses	(101.3)	(93.7)
Financial income	10.9	11.0
Exchange gains (losses)	6.5	6.0
Financial profit (loss)	(83.9)	(76.7)
Profit before tax	**850.1**	**810.0**
Income tax expense (Note 2.5)	(218.6)*	(258.0)
Share of profits (losses) of equity-accounted entities	**(1.3)**	**0.0**
Profit for the period	**630.2***	**552.0**
Of which:		
■ **Net income excluding minority interests**	**628.5***	**550.6**
■ **Minority interests**	**1.7**	**1.4**
Basic earnings per share *(euros)* (Note 4.1.3)	2.359	2.067
Diluted earnings per share *(euros)* (Note 4.1.3)	2.339	2.046

* *For full-year 2016, profit for the period, net income excluding minority interests and income tax expense shall be read respectively €569.0 million, €567.3 million and €(279.8) million, once adjusted for the favorable accounting impact representing a €61.2 million tax income, coming from the announcement of reductions in the corporate income tax rates, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.*

8.1.3 - Consolidated statement of comprehensive income

(in € millions)	12 months ended December 31, 2016	12 months ended December 31, 2015
Profit for the period	630.2	552.0
Items that may be reclassified subsequently to profit or loss		
Translation reserves	36.2	5.5
Income tax relating to components of other comprehensive income	(2.1)	11.1
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	(13.8)	(5.6)
Deferred taxes on actuarial gains and losses	0.4	3.6
COMPREHENSIVE INCOME FOR THE PERIOD	**650.9**	**566.6**
Attributable to:		
■ **Legrand**	**649.1**	**565.4**
■ **Minority interests**	**1.8**	**1.2**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.4 - Consolidated balance sheet

ASSETS

(in € millions)	December 31, 2016	December 31, 2015
Non-current assets		
Intangible assets (Note 3.1)	1,880.0	1,822.0
Goodwill (Note 3.2)	3,121.9	2,776.3
Property, plant and equipment (Note 3.3)	597.4	562.2
Investments in equity-accounted entities	2.2	0.0
Other investments	19.7	18.3
Other non-current assets	5.3	6.4
Deferred tax assets (Note 4.7)	102.5	114.9
TOTAL NON-CURRENT ASSETS	**5,729.0**	**5,300.1**
Current assets		
Inventories (Note 3.4)	670.6	680.3
Trade receivables (Note 3.5)	564.2	545.4
Income tax receivables	41.1	28.6
Other current assets (Note 3.6)	164.8	170.0
Marketable securities	0.0	2.5
Other current financial assets	1.6	0.7
Cash and cash equivalents (Note 3.7)	940.1	1,085.9
TOTAL CURRENT ASSETS	**2,382.4**	**2,513.4**
TOTAL ASSETS	**8,111.4**	**7,813.5**

The accompanying Notes are an integral part of these consolidated financial statements.

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EQUITY AND LIABILITIES

(in € millions)	December 31, 2016	December 31, 2015
Equity		
Share capital (Note 4.1)	1,069.3	1,067.7
Retained earnings (Notes 4.2 and 4.3.1)	3,227.8	3,006.2
Translation reserves (Note 4.3.2)	(240.0)	(276.1)
Equity attributable to equity holders of Legrand	4,057.1	3,797.8
Minority interests	9.3	9.6
TOTAL EQUITY	**4,066.4**	**3,807.4**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	127.4	108.8
Provisions for post-employment benefits (Note 4.5.1)	166.0	170.6
Long-term borrowings (Note 4.6.1)	1,550.7	1,823.2
Other non-current liabilities	0.0	0.4
Deferred tax liabilities (Note 4.7)	636.2	656.4
TOTAL NON-CURRENT LIABILITIES	**2,480.3**	**2,759.4**
Current liabilities		
Trade payables	558.3	531.3
Income tax payables	30.8	41.0
Short-term provisions (Note 4.4)	82.4	104.8
Other current liabilities (Note 4.8)	546.2	501.3
Short-term borrowings (Note 4.6.2)	346.4	67.9
Other current financial liabilities	0.6	0.4
TOTAL CURRENT LIABILITIES	**1,564.7**	**1,246.7**
TOTAL EQUITY AND LIABILITIES	**8,111.4**	**7,813.5**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.5 - Consolidated statement of cash flows

(in € millions)	12 months ended December 31, 2016	12 months ended December 31, 2015
Profit for the period	**630.2**	**552.0**
Adjustments for non-cash movements in assets and liabilities:		
■ Depreciation and impairment of tangible assets (Note 2.4)	97.1	97.4
■ Amortization and impairment of intangible assets (Note 2.4)	47.4	43.2
■ Amortization and impairment of capitalized development costs (Note 2.4)	30.5	29.1
■ Amortization of financial expenses	2.4	2.2
■ Impairment of goodwill (Note 3.2)	0.0	0.0
■ Changes in long-term deferred taxes	(36.7)	2.3
■ Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	33.7	18.8
■ Unrealized exchange (gains)/losses	(16.2)	3.4
■ Share of (profits) losses of equity-accounted entities	1.3	0.0
■ Other adjustments	0.9	0.3
■ (Gains)/losses on sales of assets, net	0.8	1.3
Changes in working capital requirement:		
■ Inventories (Note 3.4)	36.4	(36.0)
■ Trade receivables (Note 3.5)	18.8	(22.2)
■ Trade payables	15.7	21.3
■ Other operating assets and liabilities (Notes 3.6 and 4.8)	(30.5)	83.1
Net cash from operating activities	**831.8**	**796.2**
■ Net proceeds from sales of fixed and financial assets	2.1	3.2
■ Capital expenditure (Notes 3.1 and 3.3)	(126.3)	(106.0)
■ Capitalized development costs	(34.6)	(27.4)
■ Changes in non-current financial assets and liabilities	14.1	3.5
■ Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(407.4)	(237.1)
Net cash from investing activities	**(552.1)**	**(363.8)**
■ Proceeds from issues of share capital and premium (Note 4.1.1)	8.3	20.1
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	(81.8)	(39.9)
■ Dividends paid to equity holders of Legrand (Note 4.1.3)	(307.1)	(293.1)
■ Dividends paid by Legrand subsidiaries	(1.9)	(1.7)
■ Proceeds from new borrowings and drawdowns (Note 4.6.1)	0.0	300.0
■ Repayment of borrowings (Note 4.6.1)	(7.6)	(12.6)
■ Debt issuance costs	0.0	(3.7)
■ Net sales (buybacks) of marketable securities	2.5	0.6
■ Increase (reduction) in bank overdrafts	(5.5)	(24.7)
■ Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(23.4)	(15.8)
Net cash from financing activities	**(416.5)**	**(70.8)**
Translation net change in cash and cash equivalents	(9.0)	(1.7)
Increase (decrease) in cash and cash equivalents	**(145.8)**	**359.9**
Cash and cash equivalents at the beginning of the period	1,085.9	726.0
Cash and cash equivalents at the end of the period (Note 3.7)	**940.1**	**1,085.9**
Items included in cash flows:		
■ Interest paid* during the period	85.0	78.7
■ Income taxes paid during the period	246.4	166.4

* *Interest paid is included in the net cash from operating activities.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.6 - Consolidated statement of changes in equity

(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	Total equity
		Equity attributable to equity holders of Legrand					
As of December 31, 2014	**1,065.4**	**2,813.6**	**(281.8)**	**(49.2)**	**3,548.0**	**10.4**	**3,558.4**
Profit for the period		550.6			550.6	1.4	552.0
Other comprehensive income		11.1	5.7	(2.0)	14.8	(0.2)	14.6
Total comprehensive income		561.7	5.7	(2.0)	565.4	1.2	566.6
Dividends paid		(293.1)			(293.1)	(1.7)	(294.8)
Issues of share capital and premium	3.9	16.2			20.1		20.1
Cancellation of shares acquired under the share buyback program	(1.6)	(16.8)			(18.4)		(18.4)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(21.5)			(21.5)		(21.5)
Change in scope of consolidation**		(8.6)			(8.6)	(0.3)	(8.9)
Current taxes on share buybacks		(0.5)			(0.5)		(0.5)
Share-based payments		6.4			6.4		6.4
As of December 31, 2015	**1,067.7**	**3,057.4**	**(276.1)**	**(51.2)**	**3,797.8**	**9.6**	**3,807.4**
Profit for the period		628.5			628.5	1.7	630.2
Other comprehensive income		(2.1)	36.1	(13.4)	20.6	0.1	20.7
Total comprehensive income		626.4	36.1	(13.4)	649.1	1.8	650.9
Dividends paid		(307.1)			(307.1)	(1.9)	(309.0)
Issues of share capital and premium (Note 4.1.1)	1.6	6.7			8.3		8.3
Cancellation of shares acquired under the share buyback program (Note 4.1.1)	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		(81.8)			(81.8)		(81.8)
Change in scope of consolidation**		(16.7)			(16.7)	(0.2)	(16.9)
Current taxes on share buybacks		(0.4)			(0.4)		(0.4)
Share-based payments (Note 4.2)		7.9			7.9		7.9
As of December 31, 2016	**1,069.3**	**3,292.4**	**(240.0)**	**(64.6)**	**4,057.1**	**9.3**	**4,066.4**

* *Net of deferred taxes.*

** *Corresponds mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.7 - Notes to the consolidated financial statements

NOTE 1 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 90 countries, and sells its products in close to 180 countries.

The Company is a French société anonyme incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The consolidated financial statements were approved by the Board of Directors on February 8, 2017.

They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015 as set out in the Registration Document filed with the AMF on March 30, 2016 under no. D. 16-0232.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

1.2 ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Code de commerce (French Commercial Code).

The consolidated financial statements cover the 12 months ended December 31, 2016. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union[1] and applicable or authorized for early adoption from January 1, 2016.

None of the IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

(1) The IFRS adopted by the European Union as of December 31, 2016 can be downloaded from the "IFRS financial statements" page on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2016 that have an impact on the Group's 2016 financial statements

Amendment to IFRS 8 – Operating Segments

This amendment requires disclosing the judgments made by management in applying the aggregation criteria to operating segments. In particular, a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics are now disclosed in the notes to the financial statements in Note 2.2.

1.2.1.2 New standards, amendments and interpretations with mandatory application from January 1, 2016 that have no impact on the Group's 2016 financial statements

Amendment to IAS 19 – Employee Benefits

This amendment clarifies the recognition of contributions from employees when accounting for defined benefit plans, depending on whether the contributions are set out in the formal terms of the plan and whether they are linked to periods of service.

The amendment specifies that only contributions set out in the formal terms of the plan that are not linked to periods of service do not reduce the service cost.

Amendment to IFRS 2 – Share-based Payment

This amendment provides guidance on the performance conditions set out in share-based payment plans.

In particular, any performance condition whose period extends beyond the period of the service condition is deemed to be a non-vesting condition. Consequently, this type of condition is reflected in the estimation of the fair value of the plan at the grant date, but will have no subsequent impact on the IFRS 2 charge to be recognized over the vesting period.

1.2.1.3 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.

IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year, and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in IAS 39 – Financial Instruments: Recognition and Measurement.

The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets.

As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value through profit or loss.

In addition, IFRS 9 introduces a single impairment model that supersedes the various models set out in IAS 39 and also includes a simplified approach for financial assets that fall within the scope of IFRS 15 – Revenue from Contracts with Customers. This model is based in particular on the notion of expected credit losses, which applies regardless of the financial assets' credit quality.

Lastly, whereas most of the IAS 39 hedge accounting rules still apply, IFRS 9 allows more types of hedge relationships to qualify for hedge accounting, in addition to derivatives.

This standard is effective for annual periods beginning on or after January 1, 2018.

The Group reviewed these standards, to determine their possible impacts on the consolidated financial statements and related disclosures. Their impact on the Group is not expected to be material.

1.2.1.4 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the Group until future periods

Amendment to IAS 7 – Statement of Cash Flows

In January 2016, the IASB issued an amendment to IAS 7 – Statement of Cash Flows.

This amendment requires disclosing in the financial statements an analysis of changes in financial liabilities, detailing changes impacting cash flows versus changes not impacting cash flows.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2017.

Amendment to IAS 12 – Income Taxes

In January 2016, the IASB issued an amendment to IAS 12 – Income Taxes.

This amendment clarifies the elements to include in estimated future taxable profits to justify the recognition of deferred tax assets resulting from tax losses.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2017.

Amendment to IFRS 15 – Revenue from Contracts with Customers

In April 2016, the IASB issued amendments to IFRS 15 – Revenue from Contracts with Customers.

These amendments clarify in particular the concept of performance obligations that are not considered "distinct within the context of the contract". Revenue resulting from such performance obligations is to be recognized as a single performance obligation.

These amendments, which have not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2018.

Amendment to IFRS 2 – Share-based Payment

In June 2016, the IASB issued an amendment to IFRS 2 – Share-based Payment.

This amendment specifies in particular that, for cash-settled share-based payment plans, non-market performance conditions and service conditions must impact the number of granted shares expected to vest but not their fair value.

In addition, the amendment outlines that, for equity-settled share-based payment plans, the IFRS 2 charge recognized in equity does not have to be reduced by any withholding tax to be paid by the entity to tax authorities on behalf of beneficiaries.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2018.

The Group reviewed these amendments, to determine their possible impacts on the consolidated financial statements and related disclosures. Their impact on the Group is not expected to be material.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17.

IFRS 16 provides a single lessee accounting model for the majority of leases with a term of more than 12 months. This model requires the lessee to recognize a right-of-use asset and a financial liability in the balance sheet when a lease contract conveys the right to control the use of an identified asset.

In addition, the standard requires the lessee to recognize the lease expense partly as a depreciation charge within operating expenses and partly as an interest expense within financial expenses.

This standard, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2019.

The Group is reviewing this standard, to determine its possible impacts on the consolidated financial statements and related disclosures.

1.2.2 Basis of consolidation

Subsidiaries are consolidated if they are controlled by the Group.

The Group has exclusive control over an entity when it has power over the entity, *i.e.*, it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity, and has the ability to affect those returns.

Such subsidiaries are fully consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Any entity over which the Group has:

- significant influence (a situation that occurs when the Group holds more than 20% of the voting rights without providing it with substantive rights to govern the entity's key operations);
- joint-control (a situation where the Group's participation gives it substantive rights to govern the entity's key operations jointly with a partner but does not provide exclusive control to the Group);

is consolidated using the equity method.

Such subsidiaries are initially recognized at acquisition cost and consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

1.2.3.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, long term growth and profitability rates and royalty rates for trademarks with indefinite useful lives.

1.2.3.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

1.2.3.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

1.3 SCOPE OF CONSOLIDATION

1.3.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 191 subsidiaries.

The main operating subsidiaries as of December 31, 2016, all of which being 100% owned and fully consolidated, are as follows:

France		
Legrand France	France	Limoges
Legrand SNC	France	Limoges
Italy		
Bticino Spa	Italy	Varese
Rest of Europe		
Legrand Group Belgium	Belgium	Diegem
Legrand ZRT	Hungary	Szentes
Legrand Polska	Poland	Zabkowice
Legrand LLC	Russia	Moscow
Legrand Group España	Spain	Madrid
Inform Elektronik	Turkey	Istanbul
Legrand Elektrik	Turkey	Gebze
Legrand Electric	United Kingdom	Birmingham
North and Central America		
Bticino de Mexico SA de CV	Mexico	Querétaro
Cablofil Inc.	United States	Mascoutah
Lastar Inc.	United States	Dayton
Legrand Home Systems Inc.	United States	Middletown
Middle Atlantic Products Inc.	United States	Fairfield
Ortronics Inc.	United States	New London
Pass & Seymour Inc.	United States	Syracuse
Pinnacle Architectural Lighting Inc.	United States	Denver
Raritan Inc.	United States	Somerset
The WattStopper Inc.	United States	Santa Clara
The Wiremold Company	United States	West Hartford
Rest of the world		
Legrand Group Pty Ltd	Australia	Sydney
GL Eletro-Eletronicos Ltda	Brazil	Sao Paulo
HDL Da Amazonia Industria Eletronica Ltda	Brazil	Manaus
Electro Andina Ltda	Chile	Santiago
DongGuan Rocom Electric	China	Dongguan
TCL International Electrical	China	Huizhou
TCL Wuxi	China	Wuxi
Legrand Colombia	Colombia	Bogota
Legrand SNC FZE	United Arab Emirates	Dubai
Novateur Electrical and Digital Systems	India	Mumbai

1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2015 were as follows:

2015	March 31	June 30	September 30	December 31
Full consolidation method				
Valrack	Balance sheet only	Balance sheet only	Balance sheet only	10 months' profit
IME		Balance sheet only	Balance sheet only	7 months' profit
Raritan Inc.			Balance sheet only	3 months' profit
QMotion				Balance sheet only

2016	March 31	June 30	September 30	December 31
Full consolidation method				
Valrack	3 months' profit	6 months' profit	9 months' profit	12 months' profit
IME	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Raritan Inc.	3 months' profit	6 months' profit	9 months' profit	12 months' profit
QMotion	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Fluxpower	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Primetech	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Pinnacle		Balance sheet only	5 months' profit	8 months' profit
Luxul Wireless		Balance sheet only	5 months' profit	8 months' profit
Jontek		Balance sheet only	5 months' profit	8 months' profit
Trias		Balance sheet only	Balance sheet only	8 months' profit
CP Electronics		Balance sheet only	Balance sheet only	7 months' profit
Solarfective			Balance sheet only	5 months' profit
Equity method				
TBS(1)		6 months' profit	9 months' profit	12 months' profit

(1) Created together with a partner, TBS is to produce and sell transformers and busways in the Middle East.

The main acquisitions carried out in 2016 were as follows:

- the Group acquired Fluxpower in Germany and Primetech in Italy, specialized in UPS. These companies have combined annual sales of nearly €9 million;
- the Group acquired Pinnacle Architectural Lighting, one of the US leaders in architectural lighting solutions for non-residential buildings. Pinnacle Architectural Lighting has annual sales of around $105 million;
- the Group acquired Luxul Wireless, the US leader in audio/video infrastructure products for residential buildings and small- to mid-size commercial buildings. Luxul Wireless has annual sales of over $20 million;
- the Group acquired Jontek, specialist in solutions for monitoring assisted living platforms in the UK. Jontek has annual sales of around £3 million;
- the Group acquired 80% of Trias, an Indonesian specialist in cable management and distribution cabinets. Trias has annual sales of around €6 million;
- the Group acquired CP Electronics, the UK leader in energy-efficient lighting control. CP Electronics has annual sales of around £24 million;
- the Group acquired Solarfective, a Canadian specialist in natural lighting control for commercial buildings. Solarfective has annual sales of around €13 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €407.4 million in 2016 (plus €23.4 million for acquisitions of ownership interests without gain of control), versus €237.1 million in 2015 (plus €15.8 million for acquisitions of ownership interests without gain of control).

NOTE 2 - RESULTS FOR THE YEAR

2.1 NET SALES

In 2016, the Group's consolidated net sales came to €5,018.9 million, up +4.3% in total compared with 2015 due to organic growth (+1.8%), changes in scope of consolidation (+4.7%) and the unfavorable impact of exchange rates (-2.1%).

The Group derived the large majority of its revenue from sales to generalist and specialist distributors. The two largest distributors accounted for close to 21% of consolidated net sales. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Revenue from the sale of goods is recognized when ownership and liability for loss or damage is transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

Revenue is also presented net of product returns which are strictly limited by sales conditions defined on a country by country basis.

2.2 SEGMENT INFORMATION

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.

Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which are allocated for internal reporting purposes into five geographical segments:

- France;
- Italy;
- Rest of Europe, mainly including Benelux (including particularly Belgium and the Netherlands), Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey, and the UK;
- North and Central America, including Canada, Mexico, the United States, and other Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

The first four segments are under the responsibility of four segment managers who are directly accountable to the chief operating decision maker of the Group.

Rest of the world is the only segment subject to an aggregation of several operating segments which are under the responsibility of segment managers who are themselves directly accountable to the chief operating decision maker of the Group. The economic models of subsidiaries within these segments are quite similar.

Indeed, their sales are made up of electrical and digital building infrastructure products in particular to electrical installers mainly through third-party distributors.

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

12 months ended December 31, 2016 *(in € millions)*	Geographical segments					
	Europe			North and Central America	Rest of the world	Total
	France	Italy	Others			
Net sales to third parties	**977.8**	**529.4**	**844.6**	**1,496.7**	**1,170.4**	**5,018.9**
Cost of sales	(360.8)	(186.8)	(478.3)	(701.9)	(653.2)	(2,381.0)
Administrative and selling expenses, R&D costs	(386.5)	(157.9)	(223.0)	(513.4)	(321.6)	(1,602.4)
Other operating income (expenses)	(24.6)	(2.4)	(9.5)	(20.2)	(44.8)	(101.5)
Operating profit	**205.9**	**182.3**	**133.8**	**261.2**	**150.8**	**934.0**
■ of which acquisition-related amortization, expenses and income						
▪ accounted for in administrative and selling expenses, R&D costs	(3.2)	(0.2)	(5.0)	(22.9)	(13.2)	(44.5)
▪ accounted for in other operating income (expenses)						0.0
■ of which goodwill impairment						0.0
Adjusted operating profit	**209.1**	**182.5**	**138.8**	**284.1**	**164.0**	**978.5**
■ of which depreciation expense	(26.0)	(18.2)	(13.8)	(12.7)	(25.8)	(96.5)
■ of which amortization expense	(2.4)	(3.6)	(0.6)	(2.5)	(1.0)	(10.1)
■ of which amortization of development costs	(21.9)	(7.5)	(0.6)	0.0	(0.5)	(30.5)
■ of which restructuring costs	(8.7)	(1.3)	(5.7)	(0.8)	(8.6)	(25.1)
Capital expenditure	(33.1)	(30.1)	(14.3)	(25.3)	(23.5)	(126.3)
Capitalized development costs	(21.5)	(7.6)	(3.5)	0.0	(2.0)	(34.6)
Net tangible assets	174.3	116.4	86.1	78.6	142.0	597.4
Total current assets	826.3	124.1	327.2	398.2	706.6	2,382.4
Total current liabilities	689.8	173.7	129.2	217.3	354.7	1,564.7

	Geographical segments					
	Europe			North and Central America[(1)]	Rest of the world[(1)]	
12 months ended December 31, 2015 *(in € millions)*	**France**	**Italy**	**Others**			**Total**
Net sales to third parties	**1,013.1**	**505.2**	**808.5**	**1,278.6**	**1,204.5**	**4,809.9**
Cost of sales	(390.9)	(181.1)	(461.2)	(615.7)	(684.6)	(2,333.5)
Administrative and selling expenses, R&D costs	(398.1)	(161.5)	(211.4)	(423.0)	(332.4)	(1,526.4)
Other operating income (expenses)	(12.5)	(1.3)	(14.4)	(14.4)	(20.7)	(63.3)
Operating profit	**211.6**	**161.3**	**121.5**	**225.5**	**166.8**	**886.7**
■ of which acquisition-related amortization, expenses and income						
▪ accounted for in administrative and selling expenses, R&D costs	(7.5)	(0.1)	(2.5)	(17.7)	(15.9)	(43.7)
▪ accounted for in other operating income (expenses)						0.0
■ of which goodwill impairment						0.0
Adjusted operating profit	**219.1**	**161.4**	**124.0**	**243.2**	**182.7**	**930.4**
■ of which depreciation expense	(27.2)	(19.5)	(15.2)	(11.8)	(23.1)	(96.8)
■ of which amortization expense	(1.5)	(3.6)	(0.7)	(2.2)	(1.3)	(9.3)
■ of which amortization of development costs	(20.4)	(8.1)	(0.2)	(0.1)	(0.3)	(29.1)
■ of which restructuring costs	(10.2)	(1.0)	(4.7)	(0.3)	(11.8)	(28.0)
Capital expenditure	(28.3)	(16.0)	(17.2)	(15.4)	(29.1)	(106.0)
Capitalized development costs	(19.2)	(6.5)	(0.9)	0.0	(0.8)	(27.4)
Net tangible assets	173.4	108.3	86.1	66.2	128.2	562.2
Total current assets	1,053.3	132.6	295.1	331.6	700.8	2,513.4
Total current liabilities	389.9	175.9	143.7	196.2	341.0	1,246.7

(1) For the 12 month period ended December 31, 2015, the published data have been restated to reflect the change in geographical segments starting January 1, 2016.

2.3 QUARTERLY DATA – NON-AUDITED

2.3.1 Quarterly net sales by geographical segment (billing region)

(in € millions)	1st quarter 2016	1st quarter 2015
France	239.3	250.3
Italy	147.5	137.2
Rest of Europe	205.0	200.4
North and Central America[(1)]	334.5	290.3
Rest of the world[(1)]	263.3	286.5
TOTAL	**1,189.6**	**1,164.7**

(in € millions)	2nd quarter 2016	2nd quarter 2015
France	271.7	274.0
Italy	139.3	131.5
Rest of Europe	207.8	205.0
North and Central America[(1)]	353.5	330.0
Rest of the world[(1)]	286.5	306.5
TOTAL	**1,258.8**	**1,247.0**

(in € millions)	3rd quarter 2016	3rd quarter 2015
France	218.1	223.2
Italy	119.9	111.1
Rest of Europe	203.1	195.5
North and Central America[(1)]	423.2	329.1
Rest of the world[(1)]	291.9	289.7
TOTAL	**1,256.2**	**1,148.6**

(in € millions)	4th quarter 2016	4th quarter 2015
France	248.7	265.6
Italy	122.7	125.4
Rest of Europe	228.7	207.6
North and Central America[(1)]	385.5	329.2
Rest of the world[(1)]	328.7	321.8
TOTAL	**1,314.3**	**1,249.6**

(1) For each quarter of 2015, the published data have been restated to reflect the change in geographical segments starting January 1, 2016.

2.3.2 Quarterly income statements

(in € millions)	1st quarter 2016	1st quarter 2015
Net sales	**1,189.6**	**1,164.7**
Operating expenses		
Cost of sales	(559.4)	(565.4)
Administrative and selling expenses	(335.9)	(325.9)
Research and development costs	(59.0)	(53.7)
Other operating income (expenses)	(19.3)	(11.2)
Operating profit	**216.0**	**208.5**
Financial expenses	(24.4)	(22.6)
Financial income	2.4	3.4
Exchange gains (losses)	(3.7)	(0.6)
Financial profit (loss)	(25.7)	(19.8)
Profit before tax	**190.3**	**188.7**
Income tax expense	(62.1)	(60.7)
Share of profits (losses) of equity-accounted entities	**0.0**	**0.0**
Profit for the period	**128.2**	**128.0**
Of which:		
■ **Net income excluding minority interests**	**127.4**	**127.4**
■ **Minority interests**	**0.8**	**0.6**

(in € millions)	2nd quarter 2016	2nd quarter 2015
Net sales	**1,258.8**	**1,247.0**
Operating expenses		
Cost of sales	(583.4)	(588.0)
Administrative and selling expenses	(338.6)	(338.2)
Research and development costs	(59.1)	(55.6)
Other operating income (expenses)	(22.9)	(17.1)
Operating profit	**254.8**	**248.1**
Financial expenses	(25.6)	(23.0)
Financial income	2.0	2.5
Exchange gains (losses)	3.5	1.6
Financial profit (loss)	(20.1)	(18.9)
Profit before tax	**234.7**	**229.2**
Income tax expense	(77.7)	(73.1)
Share of profits (losses) of equity-accounted entities	**(0.3)**	**0.0**
Profit for the period	**156.7**	**156.1**
Of which:		
■ **Net income excluding minority interests**	**156.1**	**156.0**
■ **Minority interests**	**0.6**	**0.1**

(in € millions)	3rd quarter 2016	3rd quarter 2015
Net sales	**1,256.2**	**1,148.6**
Operating expenses		
Cost of sales	(597.9)	(561.5)
Administrative and selling expenses	(342.4)	(309.3)
Research and development costs	(57.4)	(49.9)
Other operating income (expenses)	(21.8)	(15.8)
Operating profit	**236.7**	**212.1**
Financial expenses	(24.9)	(23.1)
Financial income	1.9	2.6
Exchange gains (losses)	0.0	5.7
Financial profit (loss)	(23.0)	(14.8)
Profit before tax	**213.7**	**197.3**
Income tax expense	(70.3)	(64.6)
Share of profits (losses) of equity-accounted entities	**(0.5)**	**0.0**
Profit for the period	**142.9**	**132.7**
Of which:		
■ **Net income excluding minority interests**	**142.1**	**132.8**
■ **Minority interests**	**0.8**	**(0.1)**

(in € millions)	4th quarter 2016	4th quarter 2015
Net sales	**1,314.3**	**1,249.6**
Operating expenses		
Cost of sales	(640.3)	(618.6)
Administrative and selling expenses	(347.8)	(336.9)
Research and development costs	(62.2)	(56.9)
Other operating income (expenses)	(37.5)	(19.2)
Operating profit	**226.5**	**218.0**
Financial expenses	(26.4)	(25.0)
Financial income	4.6	2.5
Exchange gains (losses)	6.7	(0.7)
Financial profit (loss)	(15.1)	(23.2)
Profit before tax	**211.4**	**194.8**
Income tax expense	(8.5)*	(59.6)
Share of profits (losses) of equity-accounted entities	**(0.5)**	**0.0**
Profit for the period	**202.4***	**135.2**
Of which:		
■ **Net income excluding minority interests**	**202.9***	**134.4**
■ **Minority interests**	**(0.5)**	**0.8**

* *Adjusted for the €61.2 million tax income, fourth-quarter 2016 income tax expense shall be read €(69.7) million, profit for the period €141.2 million and net income excluding minority interests €141.7 million.*

2.4 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

(in € millions)	12 months ended December 31, 2016	12 months ended December 31, 2015
Raw materials and component costs	(1,592.2)	(1,579.5)
Personnel costs	(1,299.1)	(1,256.3)
Other external costs	(921.7)	(857.7)
Depreciation and impairment of tangible assets	(97.1)	(97.4)
Amortization and impairment of intangible assets	(77.9)	(72.3)
Restructuring costs	(25.1)	(28.0)
Goodwill impairment	0.0	0.0
Other	(71.8)	(32.0)
OPERATING EXPENSES	**(4,084.9)**	**(3,923.2)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.4), trade receivables (Note 3.5), and provisions for contingencies (Note 4.4).

The Group had an average of 35,902 employees in 2016 (versus 36,097 in 2015), of which 28,883 back-office employees and 7,019 front-office employees (versus 29,206 and 6,891, respectively, in 2015).

2.5 INCOME TAX EXPENSE

Income tax expense consists of the following:

(in € millions)	12 months ended December 31, 2016	12 months ended December 31, 2015
Current taxes:		
France	(44.9)	(70.3)
Outside France	(205.1)	(196.0)
TOTAL	**(250.0)**	**(266.3)**
Deferred taxes:		
France	33.6	11.8
Outside France	(2.2)	(3.5)
TOTAL	**31.4**	**8.3**
Total income tax expense:		
France	(11.3)	(58.5)
Outside France	(207.3)	(199.5)
TOTAL	**(218.6)***	**(258.0)**

* *For full-year 2016, income tax expense shall be read €(279.8) million, once adjusted for the favorable accounting impact representing a €61.2 million tax income, coming from the announcement of reductions in the corporate income tax rates, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.*

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 €850.1 million in 2016 (versus €810.0 million in 2015):

	12 months ended	
(Tax rate)	December 31, 2016	December 31, 2015
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ additional contributions in France	0.00%	0.43%
■ effect of foreign income tax rates	(5.07%)	(5.28%)
■ non-taxable items	0.61%	(0.23%)
■ income taxable at specific rates	0.34%	(0.01%)
■ other	2.88%	2.79%
	33.19%	**32.13%**
Impact on deferred taxes of:		
■ changes in tax rates	(7.07%)*	0.52%
■ recognition or non-recognition of deferred tax assets	(0.41%)	(0.79%)
EFFECTIVE TAX RATE	**25.71%***	**31.86%**

* *For full-year 2016, the impact on deferred taxes of changes in tax rates shall be read 0.12% and the effective tax rate 32.90%, once adjusted for the favorable accounting impact representing a €61.2 million tax income, coming from the announcement of reductions in the corporate income tax rates, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance.*

NOTE 3 - DETAILS ON NON-CURRENT AND CURRENT ASSETS

3.1 INTANGIBLE ASSETS

(in € millions)	December 31, 2016	December 31, 2015
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	289.8	258.0
Patents	24.8	2.0
Other intangible assets	157.4	154.0
NET VALUE AT THE END OF THE PERIOD	**1,880.0**	**1,822.0**

3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units.

They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Gross value at the beginning of the period	1,852.9	1,827.1
■ Acquisitions	52.2	4.8
■ Adjustments	0.0	0.0
■ Disposals	0.0	0.0
■ Translation Adjustments	12.7	21.0
Gross value at the end of the period	**1,917.8**	**1,852.9**
Accumulated amortization and impairment at the beginning of the period	(186.9)	(153.3)
■ Depreciation expense	(27.8)	(25.5)
■ Reversals	0.0	0.0
■ Translation Adjustments	(5.3)	(8.1)
Accumulated amortization and impairment at the end of the period	**(220.0)**	**(186.9)**
NET VALUE AT THE END OF THE PERIOD	**1,697.8**	**1,666.0**

To date, no impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license the trademark from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were owned by a third party.

The following impairment testing parameters were used in the period ended December 31, 2016:

Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
		Discount rate (before tax)	Growth rate to perpetuity
Value in use	1,408.0	9.2 to 10.0%	2.9 to 3.1%

No impairment was recognized in the period ended December 31, 2016.

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, 2015:

Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
		Discount rate (before tax)	Growth rate to perpetuity
Value in use	1,408.0	9.8 to 10.3%	2.6 to 3.1%

No impairment was recognized in the period ended December 31, 2015.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Gross value at the beginning of the period	591.2	585.8
■ Acquisitions	25.1	0.0
■ Disposals	0.0	0.0
■ Translation Adjustments	3.2	5.4
Gross value at the end of the period	**619.5**	**591.2**
Accumulated amortization and impairment at the beginning of the period	(589.2)	(582.5)
■ Depreciation expense	(2.7)	(0.6)
■ Reversals	0.0	0.0
■ Translation Adjustments	(2.8)	(6.1)
Accumulated amortization and impairment at the end of the period	**(594.7)**	**(589.2)**
NET VALUE AT THE END OF THE PERIOD	**24.8**	**2.0**

To date, no impairment has been recognized for these patents.

3.1.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs incurred for development projects (relating to the design and testing of new or improved products). They are amortized from the date of sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years. Costs incurred for projects that do not meet the IAS 38 definition of an intangible asset are recorded in research and development costs for the year in which they are incurred;
- software, which is generally purchased from an external supplier and amortized over 3 years;
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period ranging from 3 to 20 years.

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Capitalized development costs	349.7	313.9
Software	115.0	108.8
Other	84.0	82.7
Gross value at the end of the period	**548.7**	**505.4**
Accumulated amortization and impairment at the end of the period	**(391.3)**	**(351.4)**
NET VALUE AT THE END OF THE PERIOD	**157.4**	**154.0**

To date, no material impairment has been recognized for these items.

3.2 GOODWILL

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based in consistency with the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
France	685.8	685.6
Italy	381.5	379.3
Rest of Europe	341.4	265.6
North and Central America(1)	1,038.9	799.5
Rest of the world(1)	674.3	646.3
NET VALUE AT THE END OF THE PERIOD	**3,121.9**	**2,776.3**

(1) For the 12 months ended December 31, 2015, the published data have been restated to reflect the change in geographical segments starting January 1, 2016.

France, Italy and North and Central America are each considered to be a single cash-generating unit (CGU), whereas both Rest of Europe and Rest of the world regions include several CGUs.

In the Rest of Europe and Rest of the world regions, no final amount of goodwill allocated to a CGU represents more than 10% of total goodwill. Within these two regions, China, India and South America are the largest CGUs.

Changes in goodwill can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Gross value at the beginning of the period	2,814.0	2,601.0
■ Acquisitions	385.1	174.7
■ Adjustments	(63.6)	(5.0)
■ Reclassifications	0.0	1.9
■ Translation adjustments	24.4	41.4
Gross value at the end of the period	**3,159.9**	**2,814.0**
Impairment value at the beginning of the period	(37.7)	(37.3)
■ Impairment losses	0.0	0.0
■ Translation adjustments	(0.3)	(0.4)
Impairment value at the end of the period	**(38.0)**	**(37.7)**
NET VALUE AT THE END OF THE PERIOD	**3,121.9**	**2,776.3**

Adjustments correspond to the difference between provisional and final goodwill.

Acquisition price allocations, which are performed within one year of each business combination, are as follows:

	12 months ended	
(in € millions)	**December 31, 2016**	**December 31, 2015**
Trademarks	52.2	4.8
Deferred taxes on trademarks	(15.6)	(0.9)
Patents	25.1	0.0
Deferred taxes on patents	(7.0)	0.0
Other intangible assets	0.0	0.0
Deferred taxes on other intangible assets	0.0	0.0
Tangible assets	10.6	0.0
Deferred taxes on tangible assets	(1.8)	0.0

The following impairment testing parameters were used in the period ended December 31, 2016:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France	Value in use	685.8	8.2%	2%
Italy		381.5	8.8%	2%
Rest of Europe		341.4	7.1 to 17.1%	2 to 5%
North and Central America		1,038.9	9.4%	3.2%
Rest of the world		674.3	8.5 to 19.1%	2 to 5%
NET VALUE AT THE END OF THE PERIOD		**3,121.9**		

No goodwill impairment losses were identified in the period ended December 31, 2016 including for CGUs facing a difficult or uncertain macro-economic environment.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU. An additional sensitivity test was conducted for the UK CGU, and does not lead to any material impairment of goodwill.

The following impairment testing parameters were used in the period ended December 31, 2015:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France	Value in use	685.6	8.9%	2%
Italy		379.3	10.0%	2%
Rest of Europe		265.6	7.5 to 14.2%	2 to 5%
North and Central America[(1)]		799.5	10.0%	3.2%
Rest of the World[(1)]		646.3	8.5 to 19.5%	2 to 5%
NET VALUE AT THE END OF THE PERIOD		**2,776.3**		

(1) For the 12 months ended December 31, 2015, the published data have been restated to reflect the change in geographical segments starting January 1, 2016.

No goodwill impairment losses were identified in the period ended December 31, 2015.

3.3 PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Lightweight buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies.

3.3.1 Changes in property, plant and equipment

	December 31, 2016				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	60.3	595.1	1,699.9	272.4	2,627.7
■ Acquisitions	0.2	4.0	38.7	70.3	113.2
■ Disposals	(0.2)	(3.8)	(60.3)	(12.9)	(77.2)
■ Transfers and changes in scope of consolidation	(4.0)	22.7	37.6	(32.0)	24.3
■ Translation adjustments	0.6	4.5	5.8	2.6	13.5
At the end of the period	**56.9**	**622.5**	**1,721.7**	**300.4**	**2,701.5**
Depreciation and impairment					
At the beginning of the period	(9.1)	(389.3)	(1,479.6)	(187.5)	(2,065.5)
■ Depreciation expense	(0.2)	(16.4)	(66.9)	(13.6)	(97.1)
■ Reversals	0.0	3.0	59.4	12.0	74.4
■ Transfers and changes in scope of consolidation	9.3	(8.1)	(6.4)	(1.5)	(6.7)
■ Translation adjustments	0.0	(2.4)	(4.8)	(2.0)	(9.2)
At the end of the period	**0.0**	**(413.2)**	**(1,498.3)**	**(192.6)**	**(2,104.1)**
Net value					
At the beginning of the period	51.2	205.8	220.3	84.9	562.2
■ Acquisitions/Depreciation	0.0	(12.4)	(28.2)	56.7	16.1
■ Disposals/Reversals	(0.2)	(0.8)	(0.9)	(0.9)	(2.8)
■ Transfers and changes in scope of consolidation	5.3	14.6	31.2	(33.5)	17.6
■ Translation adjustments	0.6	2.1	1.0	0.6	4.3
At the end of the period	**56.9**	**209.3**	**223.4**	**107.8**	**597.4**

As of December 31, 2016, total property, plant and equipment includes €10.7 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

	December 31, 2015				
(in € millions)	**Land**	**Buildings**	**Machinery and equipment**	**Assets under construction and other**	**Total**
Gross value					
At the beginning of the period	53.9	582.8	1,644.6	257.8	2,539.1
■ Acquisitions	0.0	2.6	30.3	65.6	98.5
■ Disposals	0.0	(4.6)	(32.0)	(8.8)	(45.4)
■ Transfers and changes in scope of consolidation	5.9	11.9	58.7	(49.4)	27.1
■ Translation adjustments	0.5	2.4	(1.7)	7.2	8.4
At the end of the period	**60.3**	**595.1**	**1,699.9**	**272.4**	**2,627.7**
Depreciation and impairment					
At the beginning of the period	(8.6)	(369.4)	(1,427.1)	(177.4)	(1,982.5)
■ Depreciation expense	(0.5)	(18.5)	(65.6)	(12.8)	(97.4)
■ Reversals	0.0	3.9	29.1	7.1	40.1
■ Transfers and changes in scope of consolidation	0.0	(3.6)	(15.7)	2.8	(16.5)
■ Translation adjustments	0.0	(1.7)	(0.3)	(7.2)	(9.2)
At the end of the period	**(9.1)**	**(389.3)**	**(1,479.6)**	**(187.5)**	**(2,065.5)**
Net value					
At the beginning of the period	45.3	213.4	217.5	80.4	556.6
■ Acquisitions/Depreciation	(0.5)	(15.9)	(35.3)	52.8	1.1
■ Disposals/Reversals	0.0	(0.7)	(2.9)	(1.7)	(5.3)
■ Transfers and changes in scope of consolidation	5.9	8.3	43.0	(46.6)	10.6
■ Translation adjustments	0.5	0.7	(2.0)	0.0	(0.8)
At the end of the period	**51.2**	**205.8**	**220.3**	**84.9**	**562.2**

3.3.2 Property, plant and equipment held under finance leases

(in € millions)	**December 31, 2016**	**December 31, 2015**
Buildings	21.8	21.7
Other	0.9	0.6
Gross value at the end of the period	**22.7**	**22.3**
Less accumulated depreciation	(11.7)	(10.5)
NET VALUE AT THE END OF THE PERIOD	**11.0**	**11.8**

3.3.3 Liabilities recorded in the balance sheet arising from finance leases

(in € millions)	**December 31, 2016**	**December 31, 2015**
Long-term borrowings	9.6	10.8
Short-term borrowings	1.3	1.5
TOTAL	**10.9**	**12.3**

3.3.4 Future minimum lease payments under finance leases

(in € millions)	December 31, 2016	December 31, 2015
Due in less than one year	1.5	1.7
Due in one to two years	1.5	1.5
Due in two to three years	1.5	1.5
Due in three to four years	1.5	1.5
Due in four to five years	1.6	1.5
Due beyond five years	3.5	5.0
Gross value of future minimum lease payments	**11.1**	**12.7**
Of which accrued interest	(0.2)	(0.4)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**10.9**	**12.3**

3.4 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories are as follows:

(in € millions)	December 31, 2016	December 31, 2015
Purchased raw materials and components	254.2	238.2
Sub-assemblies, work in progress	85.7	88.1
Finished products	447.4	459.6
Gross value at the end of the period	**787.3**	**785.9**
Impairment	(116.7)	(105.6)
NET VALUE AT THE END OF THE PERIOD	**670.6**	**680.3**

3.5 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

A provision can be recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor is late on payment (allowances are estimated using an aged receivables schedule);
- when a debtor has defaulted; or
- when a debtor's credit rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Trade accounts and notes receivable	640.7	621.1
Impairment	(76.5)	(75.7)
NET VALUE AT THE END OF THE PERIOD	**564.2**	**545.4**

The Group uses factoring contracts to reduce the risk of late payments.

During 2016, a total of €511.3 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of less than €2.0 million.

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2016 was €102.9 million (€79.7 million as of December 31, 2015).

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Less than 3 months past due receivables	109.6	102.2
From 3 to 12 months past due receivables	30.5	33.2
More than 12 months past due receivables	31.8	29.8
TOTAL	**171.9**	**165.2**

Provisions for impairment of past-due trade receivables amounted to €67.3 million as of December 31, 2016 (€67.7 million as of December 31, 2015). These provisions break down as follows:

(in € millions)	December 31, 2016	December 31, 2015
Provisions for less than 3 months past due receivables	9.6	10.1
Provisions for 3 to 12 months past due receivables	25.9	27.8
Provisions for more than 12 months past due receivables	31.8	29.8
TOTAL	**67.3**	**67.7**

3.6 OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2016	December 31, 2015
Employee advances	4.2	3.0
Prepayments	31.4	26.7
Taxes other than income tax	99.6	92.3
Other receivables	29.6	48.0
NET VALUE AT THE END OF THE PERIOD	**164.8**	**170.0**

These assets are valued at amortized cost.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled €940.1 million as of December 31, 2016 (€1,085.9 million as of December 31, 2015) and corresponded primarily to deposits with an original maturity of less than three months. Of this amount, about €10.3 million were not available in the short term to the Group as of December 31, 2016 (€19.2 million as of December 31, 2015).

NOTE 4 - DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of December 31, 2016 amounted to €1,069,309,496 represented by 267,327,374 ordinary shares with a par value of €4 each, for 267,327,374 theoretical voting rights and 265,961,813 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of December 31, 2016, the Group held 1,365,561 shares in treasury, versus 156,595 shares as of December 31, 2015, *i.e.* 1,208,966 additional shares corresponding to:

- the net acquisition of 1,757,369 shares outside of the liquidity contract;
- the transfer of 547,186 shares to employees under performance share plans;
- the net sale of 1,217 shares under the liquidity contract (Note 4.1.2.2).

As of December 31, 2016, among the 1,365,561 shares held in treasury by the Group, 1,305,128 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 60,433 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in 2016 were as follows:

	Number of shares	Par value	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2015	266,930,602	4	1,067,722,408	1,055,470,630
Exercise of options under the 2007 plan	72,141	4	288,564	1,515,270
Exercise of options under the 2008 plan	133,772	4	535,088	2,189,370
Exercise of options under the 2009 plan	37,651	4	150,604	338,695
Exercise of options under the 2010 plan	153,208	4	612,832	2,699,387
Repayment of paid-in capital*				(112,476,300)
As of December 31, 2016	267,327,374	4	1,069,309,496	949,737,052

* *Portion of dividends distributed in June 2016 deducted from the premium account.*

In 2016, 396,772 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €8.3 million (premiums included).

4.1.2 Share buyback program and transactions under the liquidity contract

As of December 31, 2016, the Group held 1,365,561 shares in treasury (156,595 as of December 31, 2015, out of which 94,945 under the share buyback program and 61,650 under the liquidity contract) which can be detailed as follows:

4.1.2.1 Share buyback program

During 2016, the Group acquired 1,762,290 shares, at a cost of €83,403,426 and sold 4,921 shares, initially acquired at a cost of €122,631.

As of December 31, 2016, the Group held 1,305,128 shares, acquired at a total cost of €62,825,168. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (5,128 shares purchased at a cost of €238,047); and
- for cancellation of 1,300,000 shares acquired at a cost of €62,587,122.

4.1.2.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Group to the liquidity contract.

As of December 31, 2016, the Group held 60,433 shares under this contract, purchased at a total cost of €3,150,945.

During 2016, transactions under the liquidity contract led to a cash inflow of €1,359,603 corresponding to net sales of 1,217 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		12 months ended	
		December 31, 2016	**December 31, 2015**
Net income excluding minority interests *(in € millions)*	A	628.5*	550.6
Average number of shares (excluding shares held in treasury)	B	266,395,359	266,375,725
Average dilution from:			
Performance shares		*816,291*	*965,118*
Stock options		*1,499,504*	*1,833,063*
Average number of shares after dilution (excluding shares held in treasury)	C	268,711,154	269,173,906
Number of stock options and performance share grants outstanding at the period end		3,171,684	3,620,509
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(1,756,152)	(846,650)
Shares allocated during the period under performance share plans		547,186	783,861
Basic earnings per share *(euros)*	A/B	2.359**	2.067
Diluted earnings per share *(euros)*	A/C	2.339**	2.046
Dividend per share *(euros)*		1.150	1.100

Net income excluding minority interests* benefits in 2016 from a favorable accounting impact representing an amount of €61.2 million, coming from the tax income generated by the mechanical revaluation of deferred tax liabilities on trademarks that resulted from the announcement of reductions in the corporate income tax rate, mainly in France. This tax income is adjusted as it has no cash impact, and bears no relationship to the Group's performance. The corresponding basic earnings per share** and diluted earnings per share** shall be therefore read in the following table:

		12 months ended	
		December 31, 2016	**December 31, 2015**
Adjusted net income excluding minority interests *(in € millions)*	D	567.3	550.6
Adjusted basic earnings per share *(euros)*	D/B	2.130	2.067
Adjusted diluted earnings per share *(euros)*	D/C	2.111	2.046

As mentioned above, during 2016, the Group:

- acquired 1,300,000 shares for cancellation;
- issued 396,772 shares under stock option plans;
- transferred 547,186 shares under performance share plans, out of the 462,290 shares bought back in 2016 and 90,024 bought back from previous years for this purpose; and
- sold a net 1.217 shares under the liquidity contract.

These movements were taken into account on an 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, 2016, earnings per share and diluted earnings per share would have amounted to €2.363 and €2.338 respectively for the twelve months ended December 31, 2016.

During 2015, the Group:

- issued 972,987 shares under stock option plans;

- transferred 783,861 shares under performance share plans, out of the 810,000 shares bought back for this purpose; and
- acquired a net 36,650 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, 2015, basic earnings per share and diluted earnings per share would have amounted to €2.064 and €2.035 respectively for the twelve months ended December 31, 2015.

4.2 STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under personel costs on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

4.2.1 Performance share plans

4.2.1.1 2012 performance share plan

The following performance share plan was approved by the Company's Board of Directors in previous years:

	Plan 2012
Date approved by shareholders	May 26, 2011
Grant date	March 7, 2012
Total number of performance share rights granted	987,910(1)
o/w to Executive Officer	*30,710*
End of vesting period	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of performance shares acquired as of December 31, 2016	(933,481)
Number of performance share rights cancelled or forfeited	(54,429)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2016	**0**

(1) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number of remaining performance shares was adjusted to take into account the impact of this transaction on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code.

4.2.1.2 2015 and 2016 performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	Plan 2015	Plan 2016
Date approved by shareholders	May 24, 2013	May 24, 2013
Grant date	May 29, 2015	May 27, 2016
Total number of performance share rights initially granted	386,150[(1)]	492,140[(1)]
o/w to Executive Officer	*14,487*[(1)]	*15,181*[(1)]
Total IFRS 2 charge in € millions	16.3[(2)]	20.3[(2)]
End of vesting period	June 17, 2019	June 17, 2020
End of lock-up period	June 17, 2019	June 17, 2020
Number of performance shares acquired as of December 31, 2016	0	0
Number of performance share rights cancelled or forfeited	(13,343)	0
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2016	**372,807**	**492,140**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015 and on May 27, 2016, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code. Moreover, the number of granted performance shares has been reduced following the Executive Officer's decision to waive his entitlement to 9,577 performance shares granted under the 2015 plan and 10,122 performance shares granted under the 2016 plan.

(2) Total charge estimated at the grant date, which is spread over the 4 year vesting period.

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan 2015	2016
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin as published in the consolidated financial statements for the three years preceding the date of expiry of the three-year vesting period and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	50%	33⅓%
"Internal" financial performance criterion	Arithmetic mean of levels of *normalized free* cash flow as a percentage of sales, as published in the consolidated financial statements for the three years preceding the date of expiry of the three-year vesting period.	50%	33⅓%
Non-financial performance criterion	Arithmetic mean of average levels of attainment of Group CSR Roadmap priorities over a three-year period.	0%	33⅓%

The number of shares ultimately granted to beneficiaries is calculated as follows, knowing that the weight of each performance criterion in the determination of the number of shares finally granted to beneficiaries is the same each year for a given plan:

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average gap in Legrand's favour between Legrand and the MSCI average over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	4 points or less	8.3 points	10.5 points or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	3.5 points or less	7.8 points	10.0 points or more

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	9.4% or less	12.8%	14.5% or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	8.8% or less	12.2%	13.9% or more

Non-financial performance criterion (applicable to the 2016 performance share plan)

Applicable to beneficiaries with the exception of the Executive Officer

Pay-out rate(1)	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

Applicable to the Executive Officer

Pay-out rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.

If all these shares from the 2015 and 2016 plans were to vest (*i.e.*, 864,947 shares), the Company's capital would be diluted by 0.3% as of December 31, 2016.

4.2.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,642,578(1)	2,022,337(1)	1,190,249(1)	3,271,715(1)
o/w to Executive Officers	*79,871(1)*	*142,282(1)*	*94,663(1)*	*220,212(1)*
■ *Gilles Schnepp*	*40,880(1)*	*72,824(1)*	*48,460(1)*	*135,935(1)*
■ *Olivier Bazil*	*38,991(1)*	*69,458(1)*	*46,203(1)*	*84,277(1)*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€24.91(1) Average closing price over the 20 trading days preceding the grant date	€20.34(1) Average closing price over the 20 trading days preceding the grant date	€12.97(1) Average closing price over the 20 trading days preceding the grant date	€21.57(1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2)(3)	(2)(3)	(2)(3)	(2)(3)
Number of options exercised as of December 31, 2016	(1,244,096)	(1,466,477)	(781,985)	(1,759,586)
Number of options cancelled or forfeited	(108,448)	(122,844)	(108,507)	(238,401)
Stock options outstanding as of December 31, 2016	**290,034**	**433,016**	**299,757**	**1,273,728**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015 and on May 27, 2016, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).

The weighted average market price of the Company stock upon exercise of stock options in 2016 was €51.36.

If all these options were to be exercised (*i.e.*, 2,296,535 options), the Company's capital would be diluted at most by 0.9% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2016.

4.2.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €7.9 million was recorded in 2016 (€6.4 million in 2015) for all of these plans combined. See also Note 4.5.2 for cash-settled long-term employee benefit plans implemented from 2013.

4.3 RETAINED EARNINGS AND TRANSLATION RESERVES

4.3.1 Retained earnings

Consolidated retained earnings of the Group as of December 31, 2016 amounted to €3,227.8 million.

As of the same date, the Company had retained earnings including profit for the period of €1,115.3 million available for distribution. Taking into account the 1,300,000 shares held as of December 31, 2016 for cancellation, retained earnings including profit for the period available for distribution would amount to €1,057.9 million.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until such potential time as the Group no longer controls the entity.

Translation reserves record the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2016	December 31, 2015
US dollar	38.0	9.4
Other currencies	(278.0)	(285.5)
TOTAL	**(240.0)**	**(276.1)**

The Group operates in more than 90 countries. It is mainly exposed to a dozen currencies other than euro and US dollar, including the Indian rupee, Chinese yuan, Brazilian real, British pound, Russian ruble, Australian dollar, Mexican peso, Turkish lira and Chilean peso.

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Consequently, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in translation reserves. Losses on these bonds recognized in translation reserves in 2016 amounted to €11.8 million, resulting in a net negative balance of €90.7 million as of December 31, 2016.

In addition, in accordance with IAS 21, translation gains and losses on receivables or payables considered as part of the net investment in a foreign Group entity are recognized in translation reserves. Gains recognized in translation reserves in 2016 amounted to €5.2 million, resulting in a net positive balance of €9.4 million as of December 31, 2016.

To hedge a significant portion of the foreign currency risk generated by Brexit uncertainty with regard to the Group's net assets denominated in British pounds (which represent less than 5.0% of the Group's total net assets), the Group has entered into a derivative contract since the end of May 2016. In accordance with IAS 39, foreign exchange gains and losses on this derivative financial instrument are recognized in translation reserves. Gains on this derivative financial instrument recognized in translation reserves amounted to €13.4 million as of December 31, 2016.

4.4 PROVISIONS

Changes in provisions in 2016 are as follows:

	December 31, 2016					
(in € millions)	Products warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	18.8	56.4	14.9	12.8	110.7	213.6
Changes in scope of consolidation	0.7	0.0	1.5	0.0	0.0	2.2
Increases	7.3	20.0	10.5	11.4	27.6	76.8
Utilizations	(4.5)	(12.7)	(2.7)	(9.4)	(42.6)	(71.9)
Reversals of surplus provisions	(1.6)	(9.3)	0.0	(1.2)	(4.4)	(16.5)
Reclassifications	0.4	0.2	0.2	(0.7)	1.1	1.2
Translation adjustments	(0.1)	0.8	1.9	0.4	1.4	4.4
AT END OF PERIOD	**21.0**	**55.4**	**26.3**	**13.3**	**93.8**	**209.8**
Of which non-current portion	*10.4*	*36.8*	*23.0*	*2.1*	*55.1*	*127.4*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefit plans described in Note 4.5.2 for an amount of €59.0 million as of December 31, 2016 (see also consolidated statement of changes in equity for performance share plans described in Note 4.2.1).

"Other" also includes a €9.3 million provision for environmental risks as of December 31, 2016, mainly to cover estimated depollution costs related to property assets held for sale.

Changes in provisions in 2015 were as follows:

	December 31, 2015					
(in € millions)	Products warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	17.6	62.8	11.3	15.6	93.2	200.5
Changes in scope of consolidation	0.6	7.6	0.9	0.2	0.3	9.6
Increases	6.9	15.0	1.9	9.6	42.1	75.5
Utilizations	(4.5)	(7.6)	(3.2)	(11.4)	(5.0)	(31.7)
Reversals of surplus provisions	(2.5)	(16.8)	0.0	(1.5)	(5.6)	(26.4)
Reclassifications	0.1	(4.4)	4.2	0.0	(7.2)	(7.3)
Translation adjustments	0.6	(0.2)	(0.2)	0.3	(7.1)	(6.6)
AT END OF PERIOD	**18.8**	**56.4**	**14.9**	**12.8**	**110.7**	**213.6**
Of which non-current portion	*8.6*	*31.3*	*10.0*	*1.0*	*57.9*	*108.8*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefits plans for an amount of €74.2 million as of December 31, 2015.

"Other" also includes a €10.8 million provision for environmental risks as of December 31, 2015 to cover mainly estimated depollution costs related to property assets held for sale.

4.5 PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

4.5.1 Pension and other post-employment benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with one of these Group companies up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under defined benefit plans.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
France (Note 4.5.1.2)	87.9	94.7
Italy (Note 4.5.1.3)	39.2	38.6
United Kingdom (Note 4.5.1.4)	17.7	11.9
United States (Note 4.5.1.5)	5.1	11.0
Other countries	24.2	20.9
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**174.1**	**177.1**
Of which current portion	*8.1*	*6.5*

The total amount of those liabilities is €174.1 million as of December 31, 2016 (€177.1 million as of December 31, 2015) and is analyzed in Note 4.5.1.1 which shows total liabilities of €356.8 million as of December 31, 2016 (€361.7 million as of December 31, 2015) less total assets of €182.7 million as of December 31, 2016 (€184.6 million as of December 31, 2015).

The provisions recorded in the balance sheet correspond to the portion of the total liability remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on actuarial assumptions, and the net residual value of the plan assets at that date.

4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	December 31, 2016	December 31, 2015
Defined benefit obligation		
Projected benefit obligation at beginning of period	361.7	352.8
Service cost	9.1	9.8
Interest cost	10.4	10.7
Benefits paid or unused	(31.5)	(36.0)
Employee contributions	0.4	0.5
Actuarial losses/(gains)	17.9	4.0
Curtailments, settlements, special termination benefits	0.0	0.6
Translation adjustments	(12.7)	16.0
Other	1.5	3.3
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**356.8**	**361.7**
Fair value of plan assets		
Fair value of plan assets at beginning of period	184.6	169.1
Expected return on plan assets	6.2	6.5
Employer contributions	10.2	9.7
Employee contributions	0.7	0.8
Benefits paid	(13.0)	(13.8)
Actuarial (losses)/gains	4.1	(1.6)
Translation adjustments	(10.1)	13.9
Other	0.0	0.0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (II)	**182.7**	**184.6**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) - (II)	**174.1**	**177.1**
Current liability	8.1	6.5
Non-current liability	166.0	170.6

Actuarial losses recognized in equity in 2016 amounted to €13.8 million (€13.4 million after tax).

The €13.8 million actuarial losses resulted from:

- €12.3 million in losses from changes in financial assumptions;
- €1.2 million in losses from changes in demographic assumptions; and
- €0.3 million in experience losses.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €25.6 million and would increase the liability as of December 31, 2016 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 €8.7 million and would increase the liability as of December 31, 2016 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2017	17.6
2018	14.7
2019	14.2
2020	15.0
2021 and beyond	295.3
TOTAL	**356.8**

The impact of service costs and interest costs on profit before tax for the period is as follows:

	12 months ended	
(in € millions)	December 31, 2016	December 31, 2015
Service cost	(9.1)	(9.8)
Net interest cost*	(4.2)	(4.2)
TOTAL	**(13.3)**	**(14.0)**

* *The expected return on assets and interest costs are presented as a net amount in financial expenses.*

The weighted average allocation of pension plan assets is as follows as of December 31, 2016:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		43.1	65.0	53.7
Debt instruments		50.8	33.8	42.5
Insurance funds	100.0	6.1	1.2	3.8
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

These assets are marked to market.

4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service.

This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €87.9 million as of December 31, 2016 (€94.7 million as of December 31, 2015) corresponding to the difference between the projected benefit obligation of €88.1 million as of December 31, 2016 (€95.4 million as of December 31, 2015) and the fair value of the related plan assets of €0.2 million as of December 31, 2016 (€0.7 million as of December 31, 2015).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in 2016 was based on a salary increase rate of 2.8%, a discount rate and an expected return on plan assets of 1.6% (respectively 2.8% and 2.0% in 2015).

4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.

Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS.

Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €39.2 million as of December 31, 2016 (€38.6 million as of December 31, 2015).

The calculation in 2016 was based on a discount rate of 1.3% (2.0% in 2015).

4.5.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.4% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 45.1% and retired participants for 52.5%.

The provisions recorded in the consolidated balance sheet amounted to €17.7 million as of December 31, 2016 (€11.9 million as of December 31, 2015), corresponding to the difference between the projected benefit obligation of €103.4 million (€104.8 million as of December 31, 2015) and the fair value of the related plan assets of €85.7 million (€92.9 million as of December 31, 2015).

The projected benefit obligation is calculated base on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2016 was based on a salary increase rate of 4.3%, a discount rate and an expected return on plan assets of 2.9% (respectively 4.1% and 3.6% in 2015).

4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds. The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 29.9% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.5% and retired participants for 55.6%.

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 €5.1 million as of December 31, 2016 (€11.0 million as of December 31, 2015), corresponding to the difference between the projected benefit obligation of €86.1 million (€87.8 million as of December 31, 2015) and the fair value of the related plan assets of €81.0 million (€76.8 million as of December 31, 2015).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2016 was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 3.9% (respectively 3.5% and 4.0% in 2015).

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4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefit plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, in certain cases, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled and thus, in accordance with IFRS 2, the corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled. The other plans qualify as long-term employee benefit plans, with a corresponding provision recognized in compliance with IAS 19.

During 2016, a net expense of €20.6 million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €59.0 million as of December 31, 2016 (including payroll taxes).

See also Notes 4.2.1 for performance share plans and Note 4.2.3 for IFRS 2 charges accounted for in the period.

4.6 LONG-TERM AND SHORT-TERM BORROWINGS

The Group actively manages its debt through diversified sources of financing available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds 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.

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

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.

In December 2013, a number of debenture holders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract. This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, *i.e.*, up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Drawndowns are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating.

In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2016, the Credit Facility had not been drawn down.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest rate method.

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Bonds	1,100.0	1,400.0
8 ½% debentures	368.8	356.6
Other borrowings	88.5	75.6
	1,557.3	**1,832.2**
Debt issuance costs	(6.6)	(9.0)
TOTAL	**1,550.7**	**1,823.2**

No guarantees have been given with respect to these borrowings.

Long-term borrowings (excluding debt issuance costs) break down by currency as follows, after hedging (see Note 5.1.2.2):

(in € millions)	December 31, 2016	December 31, 2015
Euro	934.1	1,440.9
US dollar	485.0	357.6
Other currencies	138.2	33.7
TOTAL	**1,557.3**	**1,832.2**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2016 can be analyzed by maturity as follows:

(in € millions)	Bonds	8½% debentures	Other borrowings
Due in one to two years	400.0	0.0	48.8
Due in two to three years	0.0	0.0	16.4
Due in three to four years	0.0	0.0	9.3
Due in four to five years	0.0	0.0	10.5
Due beyond five years	700.0	368.8	3.5
TOTAL	**1,100.0**	**368.8**	**88.5**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2015 can be analyzed by maturity as follows:

(in € millions)	Bonds	8½% debentures	Other borrowings
Due in one to two years	300.0	0.0	19.7
Due in two to three years	400.0	0.0	31.2
Due in three to four years	0.0	0.0	9.7
Due in four to five years	0.0	0.0	9.1
Due beyond five years	700.0	356.6	5.9
TOTAL	**1,400.0**	**356.6**	**75.6**

Average interest rates on borrowings are as follows:

	December 31, 2016	December 31, 2015
Bonds	3.33%	3.95%
8 ½% debentures	8.50%	8.50%
Other borrowings	2.62%	2.74%

4.6.2 Short -term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Bonds	300.0	0.0
Commercial paper	15.0	15.0
Other borrowings	31.4	52.9
TOTAL	**346.4**	**67.9**

4.7 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Deferred taxes recorded by French companies	(254.9)	(289.8)
Deferred taxes recorded by foreign companies	(278.8)	(251.7)
TOTAL	**(533.7)**	**(541.5)**
Origin of deferred taxes:		
■ impairment losses on inventories and receivables	53.0	56.1
■ margin on inventories	21.8	21.8
■ recognized operating losses carried forward	8.0	5.2
■ finance leases	(3.4)	(3.4)
■ fixed assets	(175.2)	(158.7)
■ trademarks*	(480.6)	(530.2)
■ patents	(7.0)	(0.7)
■ other provisions	28.0	39.8
■ pensions and other post-employment benefits	39.7	45.1
■ fair value adjustments to derivative instruments	(1.8)	(1.6)
■ other	(16.2)	(14.9)
TOTAL	**(533.7)**	**(541.5)**
■ of which deferred tax assets	102.5	114.9
■ of which deferred tax liabilities	(636.2)	(656.4)

* *See the references to the tables in Note 2.5.*

Short- and long-term deferred taxes can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Deferred taxes – short-term	83.1	94.8
Deferred taxes – long-term	(616.8)	(636.3)
TOTAL	**(533.7)**	**(541.5)**

Tax losses carried forward break down as follows:

(in € millions)	December 31, 2016	December 31, 2015
Recognized operating losses carried forward	**38.4**	**19.2**
Recognized deferred tax assets	8.0	5.2
Unrecognized operating losses carried forward	**121.0**	**159.0**
Unrecognized deferred tax assets	27.8	32.7
Total net operating losses carried forward	**159.4**	**178.2**

4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in € millions)	December 31, 2016	December 31, 2015
Taxes other than income tax	70.6	68.3
Accrued employee benefits expense	235.4	215.1
Statutory and discretionary profit-sharing reserve	30.9	26.0
Payables related to fixed asset purchases	19.6	14.9
Accrued expenses	88.2	78.9
Accrued interest	48.5	48.2
Deferred revenue	16.5	13.9
Pension and other post-employment benefit obligations	8.0	6.5
Other current liabilities	28.5	29.5
TOTAL	**546.2**	**501.3**

NOTE 5 - OTHER INFORMATION

5.1 FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

5.1.1 Financial instruments

5.1.1.1 Impact of financial instruments

	12 months ended					
	December 31, 2016				December 31, 2015	
		Impact on equity				
(in € millions)	Impact on financial profit (loss)	Fair value	Translation adjustment	Other	Impact on financial profit (loss)	Impact on equity
Trade receivables	(1.2)				(1.2)	
Trade payables						
Borrowings	(83.4)		(11.8)		(77.0)	(37.2)
Derivatives	(19.3)		13.4		16.8	0.0
TOTAL	**(103.9)**		**1.6**		**(64.6)**	**(37.2)**

Debentures denominated in US dollars ("Yankee bonds") and the derivative financial instrument denominated in British pounds are treated as net investment hedges (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

	December 31, 2016				December 31, 2015
			Type of financial instrument		
(in € millions)	Carrying amount	Fair value	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS					
Current assets					
Trade receivables	564.2	564.2	564.2		545.4
Other current financial assets	1.6	1.6		1.6	0.7
TOTAL CURRENT ASSETS	**565.8**	**565.8**	**564.2**	**1.6**	**546.1**
EQUITY AND LIABILITIES					
Current liabilities					
Short-term borrowings	346.4	348.4	346.4		67.9
Trade payables	558.3	558.3	558.3		531.3
Other current financial liabilities	0.6	0.6		0.6	0.4
TOTAL CURRENT LIABILITIES	**905.3**	**907.3**	**904.7**	**0.6**	**599.6**
Non-current liabilities					
Long-term borrowings	1,550.7	1,662.8	1,550.7		1,823.2
TOTAL NON-CURRENT LIABILITIES	**1,550.7**	**1,662.8**	**1,550.7**	**0.0**	**1,823.2**

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.

5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

5.1.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

(in € millions)	December 31, 2016 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	December 31, 2015 Total
Financial assets*								
Fixed rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variable rate	940.1	0.0	0.0	0.0	0.0	0.0	940.1	1,088.4
Financial liabilities**								
Fixed rate	(313.1)	(411.9)	(8.5)	(7.9)	(9.0)	(1,068.8)	(1,819.2)	(1,807.7)
Variable rate	(33.3)	(36.9)	(7.9)	(1.4)	(1.5)	(3.5)	(84.5)	(92.4)
Net exposure								
Fixed rate	(313.1)	(411.9)	(8.5)	(7.9)	(9.0)	(1,068.8)	(1,819.2)	(1,807.7)
Variable rate	906.8	(36.9)	(7.9)	(1.4)	(1.5)	(3.5)	855.6	996.0

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

(in € millions)	December 31, 2016 Impact on profit before tax	December 31, 2016 Impact on equity before tax	December 31, 2015 Impact on profit before tax	December 31, 2015 Impact on equity before tax
Impact of a 100-bps increase in interest rates	8.1	8.1	6.4	6.4
Impact of a 100-bps decrease in interest rates	(10.9)	(10.9)	(6.9)	(6.9)

The impact of a 100-basis point increase in interest rates would result in a gain of €8.1 million due to a net positive variable-rate exposure. Conversely, the impact of a 100-basis point decrease in interest rates would result in a loss of €10.9 million.

5.1.2.2 Foreign currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

"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 concerned, the Group may enter into forward contracts to hedge its foreign currency risk.

As of December 31, 2016 the Group has set up forward contracts in US dollars, British pounds, and Canadian dollars which are accounted for in the balance sheet at their fair value.

The following table shows the breakdown of net debt (excluding debt issuance costs) by reporting currency:

(in € millions)	December 31, 2016 Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	December 31, 2015 Net exposure after hedging
Euro	601.5	(1,501.3)	(899.8)	237.6	(662.2)	(763.9)
US dollar	28.9	(374.6)	(345.7)	(115.1)	(460.8)	(182.8)
Other currencies	309.7	(27.8)	281.9	(122.5)	159.4	135.0
TOTAL	**940.1**	**(1,903.7)**	**(963.6)**	**0.0**	**(963.6)**	**(811.7)**

* *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, 2016		December 31, 2015	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in € millions)	10% increase		10% increase	
US dollar	0.0	37.0	0.2	35.9
Other currencies	0.2	2.6	2.7	7.1

	December 31, 2016		December 31, 2015	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in € millions)	10% decrease		10% decrease	
US dollar	(0.0)	(33.6)	(0.2)	(32.6)
Other currencies	(0.2)	(2.3)	(2.4)	(6.5)

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2016			December 31, 2015
(in € millions)	Current operating assets excluding taxes	Current operating liabilities excluding taxes	Net exposure	Net exposure
Euro	410.7	574.6	(163.9)	(147.8)
US dollar	356.9	221.9	135.0	147.5
Other currencies	632.0	390.4	241.6	258.6
TOTAL	**1,399.6**	**1,186.9**	**212.7**	**258.3**

The table below presents the breakdown of net sales and operating expenses by reporting currency as of December 31, 2016:

(in € millions)	Net sales		Operating expenses	
Euro	1,884.5	37.6%	(1,465.9)	35.9%
US dollar	1,492.2	29.7%	(1,255.0)	30.7%
Other currencies	1,642.2	32.7%	(1,364.0)	33.4%
TOTAL	**5,018.9**	**100.0%**	**(4,084.9)**	**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 2016 in a decrease in net revenue of approximately €284.9 million (€266.6 million in 2015) and a decrease in operating profit of approximately €46.9 million (€44.0 million in 2015), while a 10% decrease would have resulted in 2016 in an increase in net revenue of approximately €313.4 million (€293.3 million in 2015) and an increase in operating profit of approximately €51.5 million (€48.4 million in 2015).

5.1.2.3 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 €432.0 million in 2016.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €43.2 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 2016.

5.1.2.4 Credit risk

As explained in Note 2.1, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

5.1.2.5 Counterparty risk

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a weekly follow up of ratings and credit default swap rates of these main counterparties.

5.1.2.6 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€957.0 million as of December 31, 2016) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2027. The average maturity of gross debt is 5.5 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

5.2 RELATED-PARTY INFORMATION

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee.

Compensation and benefits provided to the members of the Executive Committee for their services are detailed in the following table:

	12 months ended	
(in € millions)	December 31, 2016	December 31, 2015
Compensation (amounts paid during the period)		
Fixed compensation	3.7	3.9
Variable compensation	2.7	2.0
Other short-term benefits(1)	0.1	0.1
Pension and other post-employment benefits(2)	**(11.8)**	**(8.3)**
Other long-term benefits (charge for the period)(3)	**2.0**	**4.3**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period)(4)	**2.3**	**0.8**

(1) Other short-term benefits include benefits in kind.

(2) Change in the obligation's present value (in accordance with IAS 19).

(3) As per the long-term employee benefit plans described in Note 4.5.2.

(4) As per the performance share plans described in Note 4.2.1.

5.3 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

5.3.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 3.3: Property, plant and equipment;
- Note 4.5.1: Pension and other post-employment benefit obligations.

5.3.2 Routine transactions

5.3.2.1 Financial guarantees

(in € millions)	December 31, 2016	December 31, 2015
Guarantees given to banks	163.3	164.3
Guarantees given to other organizations	56.0	59.9
TOTAL	**219.3**	**224.2**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.3.2.2 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	December 31, 2016	December 31, 2015
Due within one year	49.0	45.4
Due in one to two years	42.8	38.9
Due in two to three years	31.4	30.5
Due in three to four years	25.1	21.9
Due in four to five years	20.3	17.1
Due beyond five years	34.8	36.2
TOTAL	**203.4**	**190.0**

5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €12.4 million as of December 31, 2016.

5.3.3 Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

5.4 STATUTORY AUDITORS' FEES

The total amount of the Company's statutory auditors' fees included in the Group's consolidated statement of income in 2016 can be detailed as follows:

(in euros excluding taxes)	PricewaterhouseCoopers Audit SAS		Deloitte & Associés	
Statutory audit and certification	494,084	88%	488,017	87%
Other work than statutory audit and certification	66,486	12%	70,000	13%
TOTAL	**560,570**	**100%**	**558,017**	**100%**

5.5 SUBSEQUENT EVENTS

On February 1, 2017, the Group announced the acquisition of OCL, specialized in architectural lighting solutions for commercial and high-end residential buildings in the United States.

OCL reports annual sales of about $15 million.

8.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2016

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it 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 audit 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 balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2016, 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 matters:

Goodwill and intangible assets represent respectively € 3.121,9 million and € 1.880,0 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 3.1 and 3.2 to 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 3.1 and 3.2 to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 8, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-François Viat

8.3 - STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	Amount in Euros (excluding taxes)		%		Amount in Euros (excluding taxes)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit services								
Statutory audit, certification and review of the parent company and consolidated financial statements	1,793,610	1,798,267	58%	65%	2,321,139	2,051,394	82%	72%
Of which								
■ Issuer	273,948	273,948	9%	10%	273,948	273,948	10%	10%
■ Fully consolidated subsidiaries	1,519,662	1,524,319	49%	55%	2,047,191	1,777,446	72%	62%
Other work and services directly related to the audit assignment*	263,832	337,881	8%	12%	448,411	756,894	16%	26%
Of which								
■ Issuer	0	15,000	0%	1%	65,800	65,800	2%	2%
■ Fully consolidated subsidiaries	263,832	322,881	8%	12%	382,611	691,094	14%	24%
SUB-TOTAL, AUDIT	**2,057,442**	**2,136,148**	**66%**	**77%**	**2,769,550**	**2,808,288**	**98%**	**98%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, social security	975,372	630,315	31%	23%	53,448	49,512	2%	2%
Other	78,500	0	3%	0%	0	0	0%	0%
SUB-TOTAL, OTHER	**1,053,872**	**630,315**	**34%**	**23%**	**53,448**	**49,512**	**2%**	**2%**
TOTAL	3,111,314	**2,766,463**	100%	**100%**	2,822,998	**2,857,800**	100%	**100%**

* *These services mainly correspond to work conducted in the course of certain acquisitions.*

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8.4 - DIVIDEND DISTRIBUTION POLICY

The Company may decide to distribute dividends at the recommendation of the Board of Directors and following a decision of its shareholders at the General Meeting of Shareholders. However, the Company is under no obligation to distribute dividends and the decision on whether or not to recommend the distribution of a dividend and the amount of that dividend will depend on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's forecasts;
- the interests of the Company's shareholders;
- the general conditions of the Company's operations; and;
- any other factor that the Company's Board of Directors deems relevant.

Notwithstanding the factors listed above, there is no formula for determining the amount of dividend to be distributed. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to distribute dividends in certain circumstances.

Dividends distributed in respect of the financial years 2013, 2014 and 2015 were as follows:

			Earnings distributed per share	
Financial year	Number of shares entitled to dividends	Dividend per share	Eligible for the 40% income tax exemption mentioned at sub paragraph 2 of paragraph 3 of article 158 of the French Tax Code	Not eligible for the 40% income tax exemption mentioned at sub paragraph 2 of paragraph 3 of article 158 of the Tax Code*
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0
2015	267,006,775 shares with a par value of €4	€1.15**	€0.72	€0

* *Since part of €0.17 of the dividend distributed for the financial year 2014 has the fiscal form of a repayment of paid-in capital as defined by article 112(1) of the French Tax Code, this sum is not considered as distributed income for tax purposes.*

** *Since part of €0.43 of the dividend distributed for the financial year 2015 has the fiscal form of a repayment of paid-in capital as defined by article 112(1) of the French Tax Code, this sum is not considered as distributed income for tax purposes.*

Subject to the approval by the General Meeting of Shareholders to be held on May 31, 2017, the Company will distribute a dividend of €1.19 per share(1) for the 2016 financial year, on June 6, 2017.

8.5 - LEGAL PROCEEDINGS AND ARBITRATION

With regard to the environment, and mainly due to the prior operations of the Group or of companies taken over by the Group, 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.

(1) For more information on the makeup of the dividend, please refer to resolution 3 of the draft resolutions and to the related explanatory statement in annex 4 of this document.

8.6 - MATERIAL CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION

At the date of publication of this Registration Document, there have been no material changes in Legrand's financial or trading position since the publication of the 2016 annual financial statements.

8.7 - MATERIAL AGREEMENTS

To the Group's knowledge, other than the agreements entered into in the normal course of business, including those relative to acquisitions, disposals or financing operations mentioned in this Registration Document (for example, the amended 2011 credit facility described in Note 4.6.1.3 to the consolidated financial statements mentioned in chapter 8 of this Registration Document), there are no other material agreements signed by the companies in the Group in the two years preceding the date of this document, still in force on that date, and which include terms giving rise to an obligation or commitment that could have a material impact on the Group's business, financial position or cash flow.

However, under certain agreements, significant commitments and guarantees have been granted by Legrand or its subsidiaries. Thus, in its current operations, the Group is committed to the payment of rents spread over several years, under the terms of operating leases amounting to a total of €203.4 million at December 31, 2016. All these off-balance sheet commitments are set out in note 5.3 to the consolidated financial statements in this Registration Document.

8.8 - INVESTMENTS

8.8.1 - Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €160.9 million in 2016 (€133.4 million in 2015 and €125.3 million in 2014), representing 3.2% of the Group's consolidated sales (2.8% in 2015 and 2014). See sections 5.5.1.2 and 5.6 of this Registration Document for further details on these items.

8.8.2 - Investments in equity interests: the Group's primary acquisitions

8.8.2.1 THE GROUP'S PRIMARY ACQUISITIONS IN 2016

Acquisitions are one of the Group's two growth drivers. In 2016, Legrand therefore announced eight new acquisitions with total annual sales of more than €170 million:

- the Group acquired Fluxpower in Germany and Primetech in Italy, both specializing in UPSs. These two companies have combined annual sales of close to €9 million;
- the Group acquired Pinnacle Architectural Lighting, a leading supplier of architectural lighting solutions for commercial buildings in the United States. Pinnacle Architectural Lighting has annual sales of about $105 million;
- the Group acquired Luxul Wireless, America's leading supplier of audio/video infrastructure products for residential buildings and small and medium-sized commercial buildings. Luxul Wireless has annual sales of more than $20 million;
- the Group acquired Jontek, specializing in management solutions for assisted living platforms in the UK. Jontek has annual sales of about £3 million;
- the Group took an 80% stake in Trias, an Indonesian specialist in cable management and distribution cabinets. Trias has annual sales of about €6 million;
- the Group acquired CP Electronics, the market leader in energy-efficient lighting control in the UK. CP Electronics has annual sales of about £24 million;
- the Group acquired Solarfective, the Canadian specialist in natural lighting management for commercial buildings. Solarfective has annual sales of about €13 million.

8.8.2.2 THE GROUP'S PRIMARY ACQUISITIONS IN 2015 AND 2014

During the 2015 financial year, Legrand made the following four acquisitions:

- Legrand strengthened its international presence in the area of digital infrastructure with the acquisitions of Raritan Inc. (acquired sales of about US$114 million) a leading North American player in the smart PDU(1) and KVM(2) switch segment, and of Valrack (acquired sales of less than €10 million), an Indian player specialized in racks, VDI cabinets and related products for data centers;
- the Group also continued its development in the high-potential energy efficiency market with the acquisition of the IME group (acquired sales of about €23 million), a leading Italian player and European specialist in the measurement of the parameters of electrical systems; and
- Legrand complemented its lighting control offering in the United States with the acquisition of QMotion (acquired sales of about US$16 million), a specialist in lighting control for residential buildings.

During the 2014 financial year, Legrand made three acquisitions. Below are extracts from related press releases:

- Lastar Inc., a market leader 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;
- Neat, Spain's leader in assisted living systems and a major player in this market in Europe. Based in Madrid, Neat generates 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's annual sales total approximately €10 million.

(1) PDU: Power Distribution Unit.

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

8.8.3 - The Group's primary acquisitions in 2017 and principal investments in process

In 2017, the Group plans to continue its value-driving strategy of targeted growth through acquisitions and, as at the date of publication of this Registration Document, has already acquired OCL, specializing in architectural lighting management solutions for commercial and luxury residential buildings in the United States. OCL has annual sales of about $15 million.

ADDITIONAL INFORMATION

09

9.1 - INFORMATION ABOUT THE COMPANY

9.1.1 - Company's name

The Company's name is "Legrand".

9.1.2 - Place of registration and registration number

The Company is registered in the *Registre du commerce et des sociétés de Limoges* (Limoges Trade and Companies Register) under number 421 259 615.

9.1.3 - Date and duration of incorporation

The Company was initially incorporated on December 22, 1998 in the form of a *société anonyme* (French stock corporation). It was transformed into a *société par actions simplifiée* (French simplified stock corporation) by an Extraordinary General Meeting of Shareholders on December 5, 2001. The Company was transformed again into a *société anonyme* by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

9.1.4 - Registered office

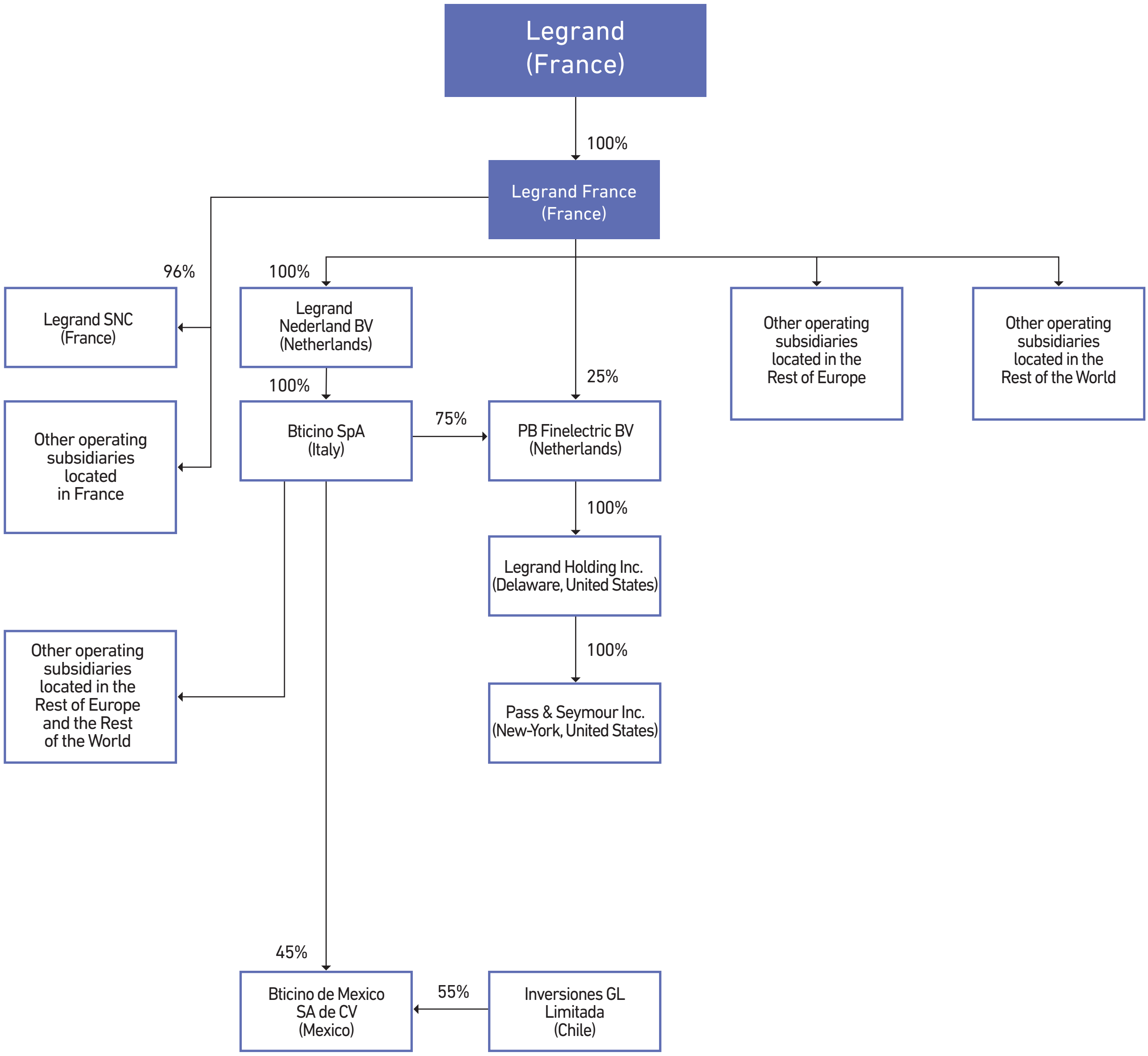
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

9.1.5 - Legal form and applicable law

The Company is a *société anonyme* with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

9.1.6 - Simplified organizational chart



9.1.7 - Subsidiaries

The Group is made up of the Company and the 191 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in chapter 8 (Note 1.3.1) of this Registration Document. All Legrand Group subsidiaries are fully consolidated.

The Company is the parent company of the Legrand Group. Its main business consists in providing general management and financial services to manage the Group's operations. Please see (i) section 7.4 of this Registration Document for a description of related party transactions, and (ii) the Management Report in Appendix 2 below for the list of offices held by the Chairman and Chief Executive Officer in the Group's subsidiaries.

The payment of dividends by Legrand's main subsidiaries is decided by their respective general meetings of shareholders, and is subject to the local laws and regulations applicable to them. At the date of this Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries 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 Avenida 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 Chilean companies.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operating subsidiary in France. Legrand France is a *société anonyme* under French law, registered in the Trade and Companies Register of Limoges under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc. is to take equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and entered the Group's scope of consolidation on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is 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 *Registre du commerce et des sociétés* (Commercial Register) of Limoges 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 96% owned by Legrand France; the remainder is held by three of the Group's French companies.

PASS & SEYMOUR INC. (UNITED STATES)

Pass & Seymour Inc. is incorporated under United States 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.

9.2 - SHARE CAPITAL

Unless otherwise indicated, the information presented in this section is dated December 31, 2016.

9.2.1 - Subscribed share capital and share capital authorized but not issued

Taking into account the number of shares as at December 31, 2016, the Company's share capital amounts to €1,069,309,496, divided into 267,327,374 shares with a par value of €4 each.

The Company's shares are fully paid up and all of the same class.

The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable laws and regulations.

9.2.1.1 DELEGATIONS AND FINANCIAL AUTHORIZATIONS CURRENTLY IN FORCE

At the date of this Registration Document, the Company's Board of Directors was granted the following financial authorizations by the shareholders at the General Meetings of Shareholders:

Authorizations and delegations granted by the General Meeting of Shareholders	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2016 financial year
General Meeting of Shareholders of May 27, 2016			
Authorization for the purpose of allowing the Company to trade its own shares (resolution 11)	18 months November 27, 2017	Limit: 10% of the share capital at May 27, 2016 Maximum amount allocated: €1,000 million Maximum purchase price per share: €75	€104,603,462
Authorization to reduce the share capital by cancellation of shares (resolution 12)	18 months November 27, 2017	Limit: 10% of the share capital at May 27, 2016, per period of 24 months	None
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (resolution 13)	38 months July 27, 2019	Limit: 1.5% of the share capital at the date of the allotment decision	None
Issues of shares or complex securities, with shareholders' preemptive rights (resolution 14)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases through the issuance of shares or securities convertible to equity of €200 million (the "**Overall Capital Increase Limit**") Overall nominal amount of bonds and other debt securities likely to be issued pursuant to this delegation: may not exceed €2 billion (this amount is included in the overall nominal limit for debt securities of €2 billion (the "**Overall Debt Securities Limit**")	None
Issues, by public offering, of shares or complex securities, without shareholders' preemptive rights (resolution 15)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by Resolution 16 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this amount is included in the limit of €1 billion set by Resolution 16 and in the Overall Debt Securities Limit)	None

Authorizations and delegations granted by the General Meeting of Shareholders	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2016 financial year
Issue, by means of an offer within the scope of article L. 411-2 II of the French Monetary and Financial Code (private placement), of shares or complex securities, without shareholders' preemptive rights (resolution 16)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million or the legal limit, i.e. 20% of the Company's share capital (this nominal amount is included in the nominal limit of €100 million set by Resolution 15 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolution 15 and in the Overall Debt Securities Limit)	None
Increase in the issue amounts, with or without shareholders' preemptive rights in the event of excess demand (resolution 17)	26 months July 27, 2018	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided pursuant to Resolutions 14, 15 or 16	None
Capital increase through incorporation of reserves, profits, premiums or other items (resolution 18)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million, 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 General Meeting of Shareholders of May 27, 2016	None
Issue of shares or complex securities for members of a Company or Group employee share-ownership program, without shareholders' preemptive rights (resolution 19)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by Resolutions 15 and 16 and in the Overall Capital Increase Limit)	None
Issue of shares or complex securities as consideration for contributions in kind to the Company without shareholders' preemptive rights (resolution 20)	26 months July 27, 2018	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this delegation: included in the nominal limit of €100 million set by Resolutions 15 and 16 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolutions 15 and 16 and in the Overall Debt Securities Limit)	None

9.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF MAY 31, 2017

At the General Meeting of Shareholders to be held on May 31, 2017, shareholders will be asked to renew the following authorizations and financial delegations (see the draft resolutions in Appendix 4 of this Registration Document):

Authorization/delegation	Duration and 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 9)	18 months November 30, 2018	Limit: 10% of the share capital at May 31, 2017 Maximum amount allocated: €1,000 million Maximum purchase price per share: €75
Authorization for the purpose of reducing the share capital by cancellation of shares (Resolution 10)	18 months November 30, 2018	Limit: 10% of the share capital at May 31, 2017 per period of 24 months

9.2.2 - Acquisition by the Company of its own shares

9.2.2.1 CURRENT SHARE BUYBACK PROGRAM

Use of the authorization granted at the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 27, 2016

The Company implemented a share buyback program pursuant to the authorization described below and granted to the Board of Directors at the General Meeting of Shareholders on May 27, 2016:

Transaction	Duration of authorization and expiration date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (resolution 11)	18 months November 27, 2017	1,000	10% of the Company's share capital at May 27, 2016

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs.

During 2016, the Company purchased a total of 1,637,926 shares at a total cost of €79,976,133 (€37,959,793 under the share buyback program implemented pursuant to the authorization granted by the Board of Directors at the General Meeting of Shareholders on May 29, 2015, and €42,016,340 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the General Meeting of Shareholders on May 27, 2016), and sold 1,639,143 shares for a total of €81,335,736, under the liquidity agreement entered into with Kepler Cheuvreux on May 29, 2007. The terms of this agreement comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) as approved by the French Financial Markets Authority (AMF) in its decision of March 22, 2005.

At December 31, 2016, the balance on the liquidity agreement stood at 60,433 shares.

Excluding the liquidity agreement, the Company bought back 1,762,290 shares at a cost of €83,150,500, with trading costs of €252,926.

The Company transferred 547,186 shares to employees under performance share plans.

At December 31, 2016, the Company held 1,365,561 shares with a par value of €4 each, for a total of €5,462,244, or 0.51% of its share capital. Assessed at the purchase price, the total value of these shares is €65,976,114.

Description of the current share buyback program

The full description of the current share buyback program is available on the Company's website (*www.legrand.com*).

9.2.2.2 NEW SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR APPROVAL AT THE GENERAL MEETING OF SHAREHOLDERS

The draft resolutions adopted by the Company's Board of Directors on March 15, 2017 for submission to shareholders at the General Meeting of Shareholders on May 31, 2017 provide for the renewal of the authorization for the share buyback program, subject to a limit of 10% of the share capital and a total amount of €1,000 million, with a maximum purchase price of €75 per share.

Draft resolutions are listed in Appendix 4 to this Registration Document.

9.2.3 - Other securities convertible to equity

At the date of registration of this Registration Document, there are no securities other than shares providing access to the Company's share capital.

9.2.4 - Changes in share capital

In 2016, the Company's share capital increased by a total nominal amount of €1,587,088 by the issue of 396,772 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	0	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	0	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and reduction in the number of shares	02/24/2006	569,513,175	0	0	759,350,900	189,837,725	4
Capital increase by way of a public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved for GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	05/02/2006	2,303,439	9,213,756	36,279,164(1)	1,078,773,504	269,693,376	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	11/07/2007	1,282,363	5,129,452	0	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	11/05/2008	977,784	3,911,136	0	1,051,260,512	262,815,128	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on acquisition of performance shares	03/30/2011	120,635	482,540	0	1,053,127,924	263,281,981	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/08/2012	107,014(2)	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/13/2013	985,880(3)	3,943,520	17,963,560	1,057,499,500	264,374,875	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/12/2014	1,215,642(4)	4,862,568	18,523,223	1,062,362,068	265,590,517	4
Cancellation of shares	05/27/2014	800,000	3,200,000	(34,262,266)	1,059,162,068	264,790,517	4

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/11/2015	1,567,098(5)	6,268,392	27,316,941	1,065,430,460	266,357,615	4
Cancellation of shares	05/06/2015	400,000	1,600,000	(16,810,653)	1,063,830,460	265,957,615	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/10/2016	972,987(6)	3,891,948	16,181,903	1,067,722,408	266,930,602	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/08/2017	396,772(7)	1,587,088	6,742,723	1,069,309,496	267,327,374	4

(1) The amount of the discount, i.e. €9.1 million, was recognized as other operating expenses in the financial statements presented in accordance with IFRS.

(2) These 107,014 new shares were actually issued in 2011 following the exercise of stock warrants, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.

(3) These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.

(4) These 1,215,642 new shares were actually issued in 2013 following the exercise of options for the subscription of shares.

(5) These 1,567,098 new shares were actually issued in 2014 following the exercise of options for the subscription of shares.

(6) These 972,987 new shares were actually issued in 2015 following the exercise of options for the subscription of shares. New issue premium of €45,030,719.46 was also distributed in 2015.

(7) These 396,772 new shares were actually issued in 2016 following the exercise of options for the subscription of shares. New issue premium of €112,476,299.54 was also distributed in 2016.

9.2.5 - Pledges, guarantees and security interests

At the date this Registration Document was filed, and to the Company's knowledge, no pledges, guarantees, or security interests had been granted on the Company's shares.

9.2.6 - Number of voting rights

At December 31, 2016, the Company's share capital consisted of 267,327,374 shares corresponding to 267,327,374 theoretical voting rights and 265,961,813 exercisable voting rights, excluding treasury stock, which are stripped of voting rights.

9.3 - MEMORANDUM AND ARTICLES OF ASSOCIATION

9.3.1 - Corporate purpose

The Company's direct or indirect corporate purpose in all countries, as defined in article 2 of the Articles of Association, is as follows:

- the purchase, subscription, disposal, holding, or contribution of shares or other securities in any company;
- providing any services, particularly in connection with human resources, IT, management, communications, finance, legal affairs, marketing and purchasing to its subsidiaries and to companies in which it has a direct or indirect interest;
- and, in general, all financial, commercial, industrial, civil, real estate 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.

9.3.2 - Administration and management

For a description of the rules governing the composition, organization, and operation of the Company's administrative and management bodies, please refer to chapter 6.1 of this Registration Document (Corporate governance).

9.3.3 - Rights, privileges and restrictions attached to shares

Company shares are freely negotiable and are transferred from account to account in accordance with applicable legislation and regulations.

Subject to the applicable legal and regulatory provisions, each member of the General Meeting of Shareholders is entitled to the same number of votes as the number of shares that they own or represent. In line with the option provided for under section 3 of article L. 225-123 of the French Commercial Code, fully paid-up shares that have been registered for at least two years in the name of the same shareholder are not eligible for double voting rights.

Where any new shares are not fully paid up on issuance, the payment calls, at the dates determined by the Board of Directors, will be made by way of notices inserted, two weeks prior to the payment call, in one of the official gazettes published in the place where the registered office is located, or will be sent by registered mail with acknowledgment of receipt. Every payment on a subscribed share will be recorded by an entry 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 General Meeting of Shareholders.

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 legal provisions providing for the identification of the holders of shares conferring immediate or future voting rights at the Company's Shareholder Meetings.

9.3.4 - Amendment of the rights attached to shares

Where the Company's Article of Association do not specifically provide otherwise, any amendment of the rights attached to shares is subject to the provisions of applicable law.

9.3.5 - Shareholders' General Meeting

PARTICIPATION AT GENERAL MEETINGS OF SHAREHOLDERS

Subject to legal and regulatory restrictions, any shareholder has the right to attend General Meetings of Shareholders and to participate in deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to attend General Meetings of Shareholders, in any form whatsoever, is conditional upon the accounting registration or book-entry transfer in the name of the shareholder or the authorized intermediary registered on his or her behalf, under the conditions and within the time limits provided for in current legislation.

Any shareholder wishing to vote by post or by proxy must have filed a proxy voting form, postal voting form or equivalent single document at the registered office or at any other place indicated in the notice of meeting within the time limits and according to the conditions provided for in current legislation. The Board of Directors may, for any General Meeting, shorten this period by way of a general decision for the benefit of all shareholders.

In the event of a decision to this effect by the Board of Directors, mentioned in the notice of meeting, shareholders may, subject to the conditions and time limits provided by law and regulations, send their proxy form and postal voting form by any means of telecommunication, including electronic means, that allow their identification and whose nature and conditions are determined by current legislation.

CONVENING OF GENERAL MEETINGS OF SHAREHOLDERS

General Meetings of Shareholders are convened in accordance with the conditions laid down by law. Meetings are held at the registered office or at any other location in France or abroad, specified in the notice of meeting.

CONDUCT OF GENERAL MEETINGS OF SHAREHOLDERS

General Meetings of Shareholders 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 GENERAL MEETINGS OF SHAREHOLDERS

The Ordinary and Extraordinary General Meetings of Shareholders, voting with the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

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9.3.6 - 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.

9.3.7 - Crossing of statutory thresholds

In addition to the legal provisions applicable in the matter, any natural or legal person who comes to hold, directly or indirectly (including through a company controlled within the meaning of article L. 233-3 of the French Commercial Code), 2% of the Company's share capital or voting rights (the total number of voting rights to be used as the denominator is calculated on the basis of all shares to which voting rights are attached, including shares where the voting rights have been suspended), acting alone or in concert, and in any way whatsoever, must inform the Company of this fact by registered letter with a request for acknowledgment of receipt addressed to the registered office, within a period of four trading days from the date the threshold is crossed, independently of the date the shares might have been registered in any account, and must specify the total number of shares and securities convertible to equity, and the number of voting rights that they hold, directly or indirectly, acting alone or in concert. Notice must be given in the same manner and within the same timeframe when a holding falls below this 2% threshold.

Above this 2% threshold, disclosure must be made in the same manner when a threshold of 1% in the share capital or voting rights is crossed in either direction, under the conditions and in accordance with the procedures specified above.

In the event of non-compliance with the disclosure obligations set out above, and at the request of one or more shareholders owning at least 1% of the share capital or voting rights, which request shall be recorded in the minutes of a General Meeting of Shareholders, the shares in excess of the amount that should have been declared shall be stripped of their voting rights, and the shareholder at fault shall be able neither to exercise nor delegate these rights for any General Meeting of Shareholders held until the expiry of a two-year period following the date when notice was properly served.

9.3.8 - Changes to the share capital

The Company's share capital may be increased or reduced 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.

9.4 - RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

9.4.1 - Person responsible for the registration document

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.

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 5 and Appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they 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.

Gilles Schnepp

Chairman and Chief Executive Officer

INCORPORATION BY REFERENCE

This Registration Document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2014 and the related statutory auditors' report, as presented on pages 192 to 244 and page 245 of the 2014 Registration Document filed with the AMF on April 15, 2015 under number D.15-0352, as well as the Company's consolidated financial statements for the year ended December 31, 2015 and the related statutory auditors' report, as presented on pages 202 to 249 and page 250 of the 2015 Registration Document filed with the AMF on March 30, 2016, under number D.16-0232.

9.4.2 - Statutory auditors

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Édouard Sattler
Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors by the General Meeting of Shareholders of June 6, 2003, they became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and were re-appointed as Principal Statutory Auditors by the General Meeting of Shareholders of May 27, 2010 (for a term of six years) and by the General Meeting of Shareholders of May 27, 2016. This appointment expires at the end of the General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2021.

Deloitte & Associés

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Jean-François Viat
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex, France

Appointed Principal Statutory Auditor at the 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 General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016. Please refer to Appendix 4 of this Registration Document for further information concerning the reappointment of the Principal Statutory Auditor.

DEPUTY STATUTORY AUDITORS

Mr. Jean Christophe Georghiou

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the General Meeting of Shareholders of May 27, 2016, for a term of six years. This appointment expires at the end of the General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2021.

BEAS

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

195, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the General Meeting of Shareholders of December 21, 2005, and re-appointed Deputy Statutory Auditor at the General Meeting of Shareholders of May 26, 2011, for a term of six years. This appointment expires at the end of the General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016. Please refer to Appendix 4 of this Registration Document for further information concerning the non-renewal of the term of office of the Deputy Statutory Auditor.

9.4.3 - Financial information

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr. Antoine Burel

Chief Financial Officer

Address: 82, rue Robespierre, 93170 Bagnolet

Telephone: + 33 (0)1 49 72 52 00

Fax: + 33 (0)1 43 60 54 92

PUBLICALLY AVAILABLE DOCUMENTS

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.

INDICATIVE FINANCIAL REPORTING SCHEDULE

The 2017 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, 2017, is expected to be as follows:

- 2017 first-quarter results: May 10, 2017

  "Quiet period[1]" starts April 10, 2017
- General Meeting of Shareholders: May 31, 2017
- Ex-dividend date: June 2, 2017
- Dividend payment: June 6, 2017
- 2017 first-half results: July 31, 2017

  "Quiet period[1]" starts July 3, 2017
- 2017 nine-month results: November 7, 2017

  "Quiet period[1]" starts October 7, 2017

(1) Period of time when all communication is suspended in the run-up to publication of results.

CROSS-REFERENCE TABLES

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European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
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	(c) founders, for a company formed fewer than five years previously and (d) corporate officers whose name can be given to prove that the issuing company has sufficient expertise and the experience to manage its own affairs. The nature of any family relationship between any of those persons. For each member of the administrative, management or supervisory bodies and for each person mentioned in points (b) and (d), details of that person's relevant management expertise and experience and		
	(a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, (b) any convictions in relation to fraudulent offenses for at least the previous five years, (c) details of any bankruptcies, receiverships or liquidations for at least the previous five years and, (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. Statement that no information should be disclosed		
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APPENDIX A

APPENDIX 1

Financial statements December 31, 2016

Statement of income

(in € thousands)	December 31, 2016	December 31, 2015
Operating income		
Revenue	15,470	19,728
Other operating income	3,400	4,100
TOTAL OPERATING INCOME	**18,870**	**23,828**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(4,298)	(5,056)
Taxes other than on income	(1,129)	(826)
Employee benefits expense	(8,222)	(10,943)
Amortization and provision expense	(2,332)	(5,473)
Other operating expenses	(559)	(532)
TOTAL OPERATING EXPENSES	**(16,540)**	**(22,830)**
Operating profit	**2,330**	**998**
Financial income		
Dividend income	249,851	249,851
Interest income from marketable securities and receivables, net	4	0
Provision reversals and expense transfers	0	0
Exchange gains	3	1
Other financial income	3	2
TOTAL FINANCIAL INCOME	**249,861**	**249,854**
Financial expense		
Amortization and provision expense	(840)	(840)
Exchange losses	(1)	(4)
Finance costs and other	(49,375)	(44,719)
TOTAL FINANCIAL EXPENSE	**(50,216)**	**(45,563)**
Financial income and expense, net	**199,645**	**204,291**
Recurring profit before tax	**201,975**	**205,289**
Non-recurring income and expense, net	**(4,194)**	**(17,044)**
Profit before tax and employee profit-sharing	**197,781**	**188,245**
Employee profit-sharing	(125)	(84)
Income tax benefit	10,228	10,121
PROFIT FOR THE PERIOD	**207,884**	**198,282**

The accompanying Notes are an integral part of these financial statements.

Balance sheet

ASSETS

(in € thousands)	December 31, 2016	December 31, 2015
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,857,936	3,820,180
TOTAL NON-CURRENT ASSETS	**3,857,936**	**3,820,180**
Current assets		
Inventories	0	0
Receivables	16,024	13,087
Marketable securities	238	3,109
Cash	288	137
TOTAL CURRENT ASSETS	**16,550**	**16,333**
Accruals	**5,368**	**6,944**
TOTAL ASSETS	**3,879,854**	**3,843,457**

The accompanying Notes are an integral part of these financial statements.

EQUITY AND LIABILITIES

(in € thousands)	December 31, 2016	December 31, 2015
Equity		
Share capital	1,069,309	1,067,722
Additional paid-in capital, reserves and retained earnings	1,020,648	1,122,681
Profit for the period	207,884	198,282
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,297,841**	**2,388,685**
Provisions	**6,861**	**7,901**
Debt		
Other debt	1,558,508	1,434,350
TOTAL DEBT	**1,558,508**	**1,434,350**
Other liabilities	**16,644**	**12,521**
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**3,879,854**	**3,843,457**

The accompanying Notes are an integral part of these financial statements.

Statement of cash flows

(in € thousands)	12 months ended December 31, 2016	December 31, 2015
Profit for the period	**207,884**	**198,282**
Adjustments for non-cash movements in assets and liabilities:		
Changes in depreciation, amortization and impairment of fixed assets	-	-
Amortization of deferred charges	1,524	2,354
Changes in provisions for contingencies and charges	(1,040)	2,802
Changes in untaxed provisions	-	-
Net (gain)/loss on sales of assets	-	-
Other non-cash items	-	(3,349)
CASH FLOW	**208,368**	**200,089**
Changes in working capital requirement:		
Inventories	-	-
Trade and other receivables	(2,937)	29,829
Trade and other payables	4,124	(42,052)
Other operating assets and liabilities	52	(55)
NET CASH FROM OPERATING ACTIVITIES	**209,607**	**187,811**
Net proceeds from sales of fixed and financial assets	-	-
Decreases in financial assets	-	-
Acquisitions of fixed assets	-	-
Acquisitions of financial assets	-	-
NET CASH FROM INVESTING ACTIVITIES	**0**	**0**
Proceeds from issues of share capital and premium	8,330	1,722
Net sales (buybacks, cancellation) of treasury shares and transactions under the liquidity contract	(60,986)	15,411
Dividends paid to equity holders of Legrand	(307,058)	(293,129)
Increase (decrease) in borrowings, including intragroup loans and borrowings	150,255	88,268
NET CASH FROM FINANCING ACTIVITIES	**(209,459)**	**(187,728)**
Increase (decrease) in cash and cash equivalents	**148**	**83**
Cash and cash equivalents at the beginning of the period	115	32
Cash and cash equivalents at the end of the period	**263**	**115**

The accompanying Notes are an integral part of these financial statements.

Notes to the financial statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over 3 years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under "Untaxed provisions".

1.3 INVESTMENTS

Investments correspond primarily to investments in subsidiaries and affiliates, which are stated at the lower of cost and fair value.

Fair value is determined by reference to Legrand's equity in the investee's revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 SHARE BUYBACKS AND LIQUIDITY CONTRACT

1.4.1 Accounting registration

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d'Urgence du Conseil National de la Comptabilité*), based on the purpose for which they were purchased:

- shares acquired specifically for allocation to employees are classified under "Marketable securities" as "Treasury shares";
- shares acquired for cancellation or for any other purpose are classified under "Other investments" as "Treasury shares held for cancellation" or "Treasury shares";
- shares purchased in connection with a liquidity contract are also recorded under "Other investments" as "Treasury shares";
- cash and short-term investments held in the liquidity account are classified under "Other investments" as "Other long-term receivables".

1.4.2 Impairment of treasury shares

Treasury shares held for cancellation are stated at cost.

Treasury shares held for other purposes are stated at the lower of cost and fair value, with fair value corresponding to the average share price for the last month of the fiscal year. A provision is recorded for any unrealized losses.

The loss incurred when treasury shares are sold to employees is recorded under non-recurring expense.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares on the share purchase date, to cover the difference between the price of performance shares and stock options granted to employees and the shares' carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the plan concerned.

In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

1.5 MARKETABLE SECURITIES

This item includes Legrand shares purchased for allocation to employees as described in note 1.4 above.

1.6 RECEIVABLES AND PAYABLES

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 FOREIGN CURRENCY RECEIVABLES AND PAYABLES

Foreign currency receivables and payables are converted into euros at the exchange rate on the reporting date.

1.8 DEFERRED CHARGES

Deferred charges correspond to debt issuance costs, which are written off to the statement of income over the life of the debt.

1.9 BOND REDEMPTION PREMIUMS

The redemption premium reported in the balance sheet corresponds to the 2010, 2011, 2012 and 2015 bond issues, described in note 8.2 below. It is amortized over the life of the issues.

1.10 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary. The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed (or recognized in income) in full as incurred. Actuarial gains and losses are always recognized directly in the statement of income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is calculated by discounting estimated future cash flows, using the interest rates determined by reference to the yield on high-quality bonds. The discount rate is determined on the basis of the external iBoxx € Corporates AA 10+ index, which is commonly used as a benchmark.

The provisions recorded in the balance sheet concern the unvested entitlements of active employees. The Company has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service.

This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

1.11 PROVISIONS FOR STATUTORY AND DISCRETIONARY PROFIT-SHARING

Legrand's statutory profit-sharing agreement is an "*accord dérogatoire*". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on June 17, 2015 and applies for the calculation of the special statutory profit-sharing reserve for the three years from 2015 to 2017. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Cofrel, Ura, Planet-Wattohm, ICM Group, Intervox Systèmes, Legrand Cable Management, S2S and Minkels Products France.

A three-year discretionary profit-sharing agreement was signed on June 17, 2015 covering the years 2015 to 2017. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 FORWARD PURCHASES AND SALES OF FOREIGN CURRENCIES

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the reporting date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 STATEMENT OF CASH FLOWS

In the statement of cash flows, cash and cash equivalents include all cash equivalents and bank overdrafts (classified under debt) with an original maturity of less than three months.

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NOTE 2 - ASSETS

2.1 INTANGIBLE ASSETS

December 31, 2016 *(in € thousands)*	Gross value at beginning of period	Additions for the year	Disposals for the year	Gross value at end of period
Software at cost	479	-	-	479
Amortization of software	(479)	-	-	(479)
INTANGIBLE ASSETS, NET	**0**	**-**	**-**	**0**

2.2 INVESTMENTS

December 31, 2016 *(in € thousands)*	Gross value at beginning of period	Changes during the year	Gross value at end of period
Shares in subsidiaries and affiliates			
Legrand France SA	3,773,659	-	3,773,659
	3,773,659	**-**	**3,773,659**
Receivables from subsidiaries and affiliates			
Loan to Legrand France SA	26,101	(26,101)	0
	26,101	**(26,101)**	**0**
Other investments			
Treasury shares held for cancellation	0	62,587	62,587
Other treasury shares	3,240	(89)	3,151
Other long-term receivables	17,180	1,359	18,539
Deposits and guarantees	0	0	0
	20,420	**63,857**	**84,277**
Provisions for impairment			
Impairment of other treasury shares	0	0	0
	0	**0**	**0**
TOTAL INVESTMENTS, NET	**3,820,180**	**37,756**	**3,857,936**

For other treasury shares, changes during the year correspond to net sales (sales net of purchases) for the period.

2.2.1 Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

2.2.2 Receivables from subsidiaries and affiliates

The current account balance of the Company with Legrand France SA stood at €26,101 thousand as of December 31, 2015 and was repaid during 2016.

This current account is governed by a cash pooling agreement signed with Legrand France SA on January 25, 2006.

2.2.3 Other investments

This item includes shares acquired under share buyback programs, shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see note 1.4).

During the year, the Company acquired 1,300,000 treasury shares held for cancellation for an amount of €62,587,122.

Moreover, on May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Company to the liquidity contract.

As of December 31, 2016, Legrand held 60,433 shares (61,650 as of December 31, 2015) acquired under this contract at a total cost of €3,150,945, which are recorded under “Other treasury shares”. No impairment was recognized on these shares at that date.

During 2016, transactions under the liquidity contract led to a cash inflow of €1,359,603 corresponding to net sales of 1,217 shares.

Cash and short-term investments held in the liquidity account amounted to €18,539,454 as of December 31, 2016, 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, 2016 (in € thousands)	Cost	Maturity	
	Net value	Within one year	Beyond one year
Trade account receivables	298	298	
Prepaid and recoverable taxes	10,209	10,209	
Recoverable value-added tax	651	651	
Group relief receivables	4,866	4,866	
Other receivables	0	0	
TOTAL AT THE END OF THE PERIOD	**16,024**	**16,024**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**13,087**	**13,087**	**0**

NOTE 4 - MARKETABLE SECURITIES

In 2016 and 2015, this item exclusively comprised Legrand shares purchased for allocation to employees.

	December 31, 2016			December 31, 2015
(in € thousands)	Cost	Impairment	Net	Net
Performance share plans	238	0	238	2,986
Corporate mutual fund	0	0	0	123
TOTAL	**238**	**0**	**238**	**3,109**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €1 billion, are provided in the program description published on May 27, 2016.

During 2016, the Company acquired 462,290 shares, at a cost of €20,563,378. It also sold the 4,921 shares held in the corporate mutual fund, which were initially acquired at a cost of €122,631.

A breakdown of shares held in treasury for allocation to employees is provided in note 6.1.

NOTE 5 - ACCRUALS

(in € thousands)	December 31, 2016	December 31, 2015
Prepaid expenses	99	151
Deferred charges	1,866	2,550
Bond redemption premium	3,403	4,243
TOTAL	**5,368**	**6,944**

NOTE 6 - EQUITY

6.1 SHARE CAPITAL

Share capital as of December 31, 2016 amounted to €1,069,309,496 represented by 267,327,374 ordinary shares with a par value of €4 each, for 267,327,374 theoretical voting rights and 265,961,813 exercisable voting rights (after subtracting shares held in treasury by the Company as of this date).

As of December 31, 2016, the Company held 1,365,561 shares in treasury, versus 156,595 shares as of December 31, 2015, *i.e.* 1,208,966 additional shares corresponding to:

- the net acquisition of 1,757,369 shares outside of the liquidity contract (see note 2.2.3 and note 4);
- the transfer of 547,186 shares to employees under performance share plans;
- the net sale of 1,217 shares under the liquidity contract (see note 2.2.3).

At December 31, 2016, the Company held 1,365,561 shares, acquired at a cost of €65,976,114 and allocated as follows:

- 5,128 shares purchased at a cost of €238,047 and available for allocation upon exercise of performance share plans;
- 1,300,000 shares acquired at a cost of €62,587,122 and held for cancellation (see note 2.2.3) ; and
- 60,433 shares purchased at a cost of €3,150,945 and held under the liquidity contract (see note 2.2.3).

Changes in share capital in 2016 were as follows:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2015	266,930,602	4	1,067,722,408	1,046,466,867
Exercise of options under 2007 plan	72,141	4	288,564	1,515,270
Exercise of options under 2008 plan	133,772	4	535,088	2,189,370
Exercise of options under 2009 plan	37,651	4	150,604	338,695
Exercise of options under 2010 plan	153,208	4	612,832	2,699,387
Repayment of paid-in-capital*				(112,476,300)
As of December 31, 2016	267,327,374	4	1,069,309,496	940,733,289

* *Portion of dividends distributed in June 2016 deducted from the premium account.*

In 2016, 396,772 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €8,329,811 (premium included).

6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2016	December 31, 2015
Before appropriation of profit		
Additional paid-in capital	940,733	1,046,467
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	106,772	106,543
Non-distributable reserves	6,349	2,877
Other reserves and retained earnings	0	0
TOTAL	**1,020,648**	**1,122,681**

Non-distributable reserves correspond to share buybacks, excluding shares held for cancellation.

6.3 CHANGES IN EQUITY

December 31, 2016 *(in € thousands)*	
Equity at the beginning of the period after appropriation of profit	2,388,685
Movements for the year:	
■ Share capital	1,587
■ Additional paid-in capital	6,743
■ Reserves and retained earnings	0
■ Non-distributable reserves	0
■ Dividends paid*	(307,058)
■ Untaxed provisions and government grants	0
■ Profit for the period	207,884
■ Other	0
EQUITY AT THE END OF THE PERIOD BEFORE APPROPRIATION OF PROFIT	**2,297,841**

* *The dividend was distributed by reducing:*

- *distributable earnings in an amount of €194,582 thousand representing €0.729 per share; and*
- *premium account in an amount of €112,476 thousand representing €0.421 per share.*

The General Meeting of Shareholders held on May 27, 2016 approved the payment of a total dividend of €307,058 thousand representing €1.15 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 Performance share plans

6.4.1.1 2012 performance share plan

The following performance share plan was approved by the Company's Board of Directors in previous years:

	2012 Plan
Date approved by shareholders	May 26, 2011
Grant date	March 7, 2012
Total number of performance share rights granted	987,910(1)
o/w to Executive Officer	*30,710*
End of vesting period	French tax residents: March 8, 2014 Non residents: March 8, 2016
End of lock-up period	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of performance shares acquired as of December 31, 2016	(933,481)
Number of performance share rights cancelled or forfeited	(54,429)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2016	**0**

(1) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number of remaining performance shares was adjusted to take into account the impact of this transaction on the interests of performance share beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

6.4.1.2 2015 and 2016 performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	2015 Plan	2016 Plan
Date approved by shareholders	May 24, 2013	May 24, 2013
Grant date	May 29, 2015	May 27, 2016
Total number of performance share rights initially granted	386,150(1)	492,140(1)
o/w to Executive Officer	*14,487(1)*	*15,181(1)*
End of vesting period	June 17, 2019	June 17, 2020
End of lock-up period	June 17, 2019	June 17, 2020
Number of performance shares acquired as of December 31, 2016	0	0
Number of performance share rights cancelled or forfeited	(13,343)	0
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2016	**372,807**	**492,140**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015 and on May 27, 2016, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code.

Moreover, the number of granted performance shares has been reduced following the Executive Officer's decision to waive his entitlement to 9,577 performance shares granted under the 2015 plan and 10,122 performance shares granted under the 2016 plan.

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan 2015	2016
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin as published in the consolidated financial statements for the three years preceding the date of expiry of the three-year vesting period and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	50%	33 1/3%
"Internal" financial performance criterion	Arithmetic mean of levels of normalized free cash flow as a percentage of sales, as published in the consolidated financial statements for the three years preceding the date of expiry of the three-year vesting period.	50%	33 1/3%
Non-financial performance criterion	Arithmetic mean of average levels of attainment of Group CSR Roadmap priorities over a three-year period.	0%	33 1/3%

The number of shares ultimately granted to beneficiaries is calculated as follows, knowing that the weight of each performance criterion in the determination of the number of shares finally granted to beneficiaries is the same each year for a given plan:

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average gap in Legrand's favour betweenLegrand and the MSCI average over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	4 points or less	8.3 points	10.5 points or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	3.5 points or less	7.8 points	10.0 points or more

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	9.4% or less	12.8%	14.5% or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	8.8% or less	12.2%	13.9% or more

Non-financial performance criterion (applicable to the 2016 performance share plan)

Applicable to beneficiaries with the exception of the Executive Officer

Pay-out rate(1)	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

Applicable to the Executive Officer

Pay-out rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.

If all the shares from the 2015 and 2016 plans were to vest (*i.e.*, 864,947 shares), the Company's capital would be diluted by 0.3% as of December 31, 2016.

6.4.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,642,578(1)	2,022,337(1)	1,190,249(1)	3,271,715(1)
o/w to Executive Officers	*79,871(1)*	*142,282(1)*	*94,663(1)*	*220,212(1)*
■ *Gilles Schnepp*	*40,880(1)*	*72,824(1)*	*48,460(1)*	*135,935(1)*
■ *Olivier Bazil*	*38,991(1)*	*69,458(1)*	*46,203(1)*	*84,277(1)*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€24.91(1) Average closing price over the 20 trading days preceding the grant date	€20.34(1) Average closing price over the 20 trading days preceding the grant date	€12.97(1) Average closing price over the 20 trading days preceding the grant date	€21.57(1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2)(3)	(2)(3)	(2)(3)	(2)(3)
Number of options exercised as of December 31, 2016	(1,244,096)	(1,466,477)	(781,985)	(1,759,586)
Number of options cancelled or forfeited	(108,448)	(122,844)	(108,507)	(238,401)
Stock options outstanding as of December 31, 2016	**290,034**	**433,016**	**299,757**	**1,273,728**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015 and on May 27, 2016, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see note 6 to the financial statements for the 12 months ended December 31, 2014).

The weighted average market price of the Company stock upon exercises of stock options in 2016 was €51.36.

If all these options were to be exercised (*i.e.*, 2,296,535 options), the Company's capital would be diluted at most by 0.9% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2016.

NOTE 7 - PROVISIONS

December 31, 2016 *(in € thousands)*	At the beginning of the period	Charges for the year	Reversals for the year	At the end of the period
Pensions and other post-retirement benefit obligations	1,523	203	(1,119)	607
Other	6,378	1,445	(1,569)	6,254
Provisions	**7,901**	**1,648**	**(2,688)**	**6,861**
Impairment on investments	0	0	0	0
Impairment on marketable securities	0	0	0	0
Provisions for impairment	**0**	**0**	**0**	**0**
TOTAL	**7,901**	**1,648**	**(2,688)**	**6,861**
Charges to and reversals from provisions recorded under the following income statement captions:				
■ operating income and expense		1,648	(2,688)	
■ financial income and expense				
■ non-recurring income and expense				
TOTAL		**1,648**	**(2,688)**	

The Company implemented cash-settled long-term employee benefits plans for employees deemed to be key for the Company, subject to the grantee's continued presence within the Company after a vesting period of three years.

In addition to the grantee still being present within the Company, the plans can, in certain cases, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled. The corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.

For the 12 months ended December 31, 2016, a net expense of €1,351 thousand was recognized in operating profit in respect of these plans. The corresponding liability amounted to €5,860 thousand as of December 31, 2016 (including payroll taxes).

See also note 6.4.1 for performance share plans

NOTE 8 - DEBT AND OTHER LIABILITIES

December 31, 2016 *(in € thousands)*	Net value	Maturity: Due within one year	Maturity: Due in one to five years	Maturity: Due beyond five years
Bonds				
Bank borrowings with original maturities:	1,434,328	334,328	400,000	700,000
■ of less than one year	25	25		
■ of more than one year				
Other borrowings	124,155	124,155		
TOTAL DEBT	**1,558,508**	**458,508**	**400,000**	**700,000**
Trade payables	1,601	1,601		
Accrued taxes and employee benefit expense	4,457	4,457		
Other	10,586	10,586		
TOTAL OTHER LIABILITIES	**16,644**	**16,644**		
TOTAL AT THE END OF THE PERIOD	**1,575,152**	**475,152**	**400,000**	**700,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**1,446,871**	**46,871**	**700,000**	**700,000**

8.1 CREDIT FACILITY

In October 2011, the Company signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility could be extended for two successive one-year periods.

In July 2014, the Company signed an agreement that amended and extended the Credit Facility finalized in October 2011 with all banks party to this contract.

The agreement extended the maximum maturity of the €900.0 million revolving credit line by three years, *i.e.*, up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Drawdowns are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating.

In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2016, the Credit Facility had not been drawn down.

8.2 BONDS

In February 2010, the Company carried out a €300.0 million 4.25% seven-year bond issue. The bonds 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.

In December 2015, the Company carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

8.3 OTHER BORROWINGS

The current account balance of the Company with Legrand France SA represented a liability of €124,155 thousand as of December 31, 2016. This current account is governed by the cash pooling agreement signed with Legrand France on January 25, 2006.

8.4 OTHER DEBT

Other debt consists of the €10,583 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, 2016	December 31, 2015
Revenue transactions	171	66
Capital transactions	1,478	1,656
Provision reversals and expense transfers	17,651	19,170
TOTAL NON-RECURRING INCOME	**19,300**	**20,892**
Revenue transactions	(183)	(1)
Capital transactions	(23,311)	(37,935)
Amortization and provision expense	0	0
TOTAL NON-RECURRING EXPENSE	**(23,494)**	**(37,936)**
NON-RECURRING INCOME AND EXPENSE, NET	**(4,194)**	**(17,044)**

Non-recurring income and expenses on capital transactions correspond to income and expense generated on sales and purchases of treasury shares in connection with (i) the liquidity contract (income of €1,270 thousand) and (ii) the transfer of performance shares to grantees under the plans (expense of €23,311 thousand).

The non-recurring provision reversals and expense transfers account includes, in addition to the provisions presented in note 7, income of €17,651 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

	Base: income (or expense)				Unrecognized deferred tax benefit (charge)*		
		Movements for the period					
(in € thousands)	Jan. 1, 2016	Increase	Decrease	12/31/2016	01/01/2016	Change	12/31/2016
Timing difference between the recognition of income and expenses for financial reporting and tax purposes							
Taxed income not yet recognized in the income statement							
Unrealized exchange gains							
Expenses recognized in the income statement that are deductible in future years							
Employee profit-sharing	(105)	(37)	0	(142)	36	13	49
Provisions for pensions and other post-retirement benefit costs	(1,514)	(201)	1,119	(596)	521	(348)	173
Other provisions	(4,260)	(1,203)	0	(5,463)	1,467	409	(1,876)
Taxes and other	(189)	0	189	0	65	(65)	0
TOTAL	**(6,068)**	**(1,441)**	**1,308**	**(6,201)**	**2,089**	**9**	**2,098**

* *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 2016.*

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 2016, Legrand recognized a net income tax benefit of €10,228 thousand (after deducting €5,253 thousand in tax on distributed earnings).

10.2 EXPOSURE TO MARKET RISKS (INTEREST RATE, CURRENCY AND CREDIT RISKS)

10.2.1 Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value. Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2016, no hedges were in place at Company level.

10.2.2 Concentration of credit risks

Credit risks correspond to counterparty risks with financial institutions.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, bank deposits, short-term investments and hedging instruments. These assets are placed with various leading financial institutions and corporates with the aim of limiting exposure to any single counterparty. The related strategies are defined and monitored by the Corporate Finance Department, which tracks the credit default swap ratings and rates of the Group's counterparties on a regular basis.

10.2.3 Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing across a wide range of maturities. This principle forms the basis of the Group's financing strategy.

10.3 CONTINGENCIES AND COMMITMENTS

Financial commitments given by the Company as of December 31, 2016 and 2015 were as follows:

(in € thousands)	December 31, 2016	December 31, 2015
Guarantees given to banks	0	0
Guarantees given to other organizations	63	63
TOTAL COMMITMENTS GIVEN	**63**	**63**

10.4 EMPLOYEES

	December 31, 2016	December 31, 2015
Average number of employees		
Management	27	27
Administrative staff	5	5
Apprentices	1	1
TOTAL	**33**	**33**

10.5 EXECUTIVE OFFICER COMPENSATION

Compensation paid to the Executive Officer for 2016 amounted to €1,160 thousand (€1,161 thousand for 2015).

10.6 SUBSIDIARIES AND AFFILIATES

	Share capital				Carrying amount of the Shares					
(in € thousands)	Currency	Euros	Reserves and retained earnings	% interest	Cost	Net	Guarantees given	2016 revenue	2016 profit (loss)	Dividends paid by Legrand France in 2016
French companies										
Legrand France	EUR	54,913	995,879	100	3,773,659	3,773,659	63	792,654	139,633	249,851

NOTE 11 - SIGNIFICANT EVENTS OF THE YEAR

None.

NOTE 12 - SUBSEQUENT EVENTS

None.

APPENDIX 2

Management report of the Board of Directors on March 15, 2017 to the Annual General Meeting scheduled on May 31, 2017

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2016

1.1 Highlights of the year

Nil.

1.2 Revenues and earnings in 2016

Revenues amounted to €15.5 million, for providing services within the Group.

Other operating income amounted to €3.4 million in the year to December 31, 2016.

Operating expense amounted to €16.5 million in the year to December 31, 2016, compared with €22.8 million in the year to December 31, 2015.

At December 31, 2016, operating profit was €2.3 million, compared with €1.0 million in the year to December 31, 2015.

Net interest and other financial items for 2016 represented income amounting to €199.6 million, compared with €204.3 million in the year to December 31, 2015. This variation resulted primarily from the interest related to the new bond issue launched on December 9, 2015.

Net exceptional items represented a loss of €4.2 million at December 31, 2016, compared with a loss of €17.0 million in the year to December 31, 2015. This variation in net exceptional items resulted mainly from a lesser buyback of shares in the context of performance share allocation plans benefiting employees based outside France.

Tax income booked in an amount of €10.2 million represents the surplus of tax paid by subsidiaries within the tax consolidation group and of dividend withholding tax amounting to €5.2 million.

Net income for the year to December 31, 2016 amounted to €207.9 million.

1.3 Debt

The Company's debt position is summarized in appendix 1.

The Company's external debt in 2016 was globally stable compared to 2015.

1.4 Management of financial risk

Management of these risks is described in chapter 3 of the Company's Registration Document and in note 5.1 to the consolidated financial statements, which appear in chapter 8 of this Registration Document.

1.5 Business of the Group

Information on the business of the Group is presented in chapter 5 of the Company's Registration Document.

1.6 Employment competitiveness tax credit

Amounts received in 2016 in respect of the 2015 employment competitiveness tax credit scheme (CICE) were allocated to funding costs related to prospecting for new markets.

2 - PRINCIPAL RISKS AND UNCERTAINTIES

Risks and related Group policies are presented in chapter 3 of the Company's Registration Document.

3 - RESEARCH AND DEVELOPMENT

Nil.

4 - SUSTAINABLE DEVELOPMENT

Information on the Group's labour policy, environmental policy and social responsibility commitments is presented in chapter 4 of the Company's Registration Document.

5 - SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSE OF THE FINANCIAL YEAR

Nil.

6 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2017 as in 2016.

7 - EXISTING BRANCHES

Nil.

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8 - APPROPRIATION OF EARNINGS

We propose that the Company's earnings of €207,884,117.59 in respect of the financial year to December 31, 2016 be appropriated as follows:

- appropriation to legal reserve in an amount of €158,708.80;
- in the absence of any retained earnings, distributable income would therefore amount to €207,725,408.79;
- reserves unavailable for treasury shares to be reduced by an amount of €2,959,832.71 to €3,388,991.52;
- the amount thus deducted from reserves unavailable for treasury shares to be appropriated to "other reserves".

In view of the above, we propose to distribute a dividend to shareholders amounting to €1.19 per share, making a total amount of €316,494,557.47 on the basis of the number of shares making up capital stock at December 31, 2016 and after deduction of treasury shares held at this date, it being specified that the share of the amount thus distributed exceeding the amount of distributable income shall be deducted from "other reserves" in an amount of €2,959,832.71 with the remainder being deducted from the "issue premium" account, *i.e.* €105,809,315.97.

In the event of a change before the dividend payment date in the number of shares entitling holders to a dividend, the overall amount of dividend and the amount deducted from issue premiums would both be adjusted accordingly.

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the dividend payment date.

The dividend of €1.19 per share would be subject to two separate taxation schemes for individual shareholders residing in France:

- in the amount of €0.79[1] 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 2017 fiscal year. However, under article 117 (iv) of the French tax code, "natural persons belonging to a tax household whose reference fiscal income for the penultimate year, as defined in article 1417, section 4, sub-section 1, is less than €50,000 for taxpayers who are single, divorced or widowed or less than €75,000 for taxpayers subject to joint taxation, may request exemption from this levy". Such persons should, on their own initiative, submit a request for exemption according to the conditions set out in article 242 (iv) of the French tax code. This portion of dividend is also subject to a withholding tax of 15.5% for social security contributions.
- in the amount of €0.40[1], the dividend payment deducted from the "issue premium" account would be considered as a repayment of paid-in capital within the meaning of article 112-1 of the French tax code, therefore non-taxable for individual shareholders residing in France; it would however reduce the fiscal share price by the amount of €0.40 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.

9 - EARNINGS OVER THE PAST FIVE YEARS

In accordance with article R. 225-102 of the French Commercial Code (*Code de commerce*), we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (appendix 2).

10 - DIVIDENDS

In accordance with the provisions of article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

(1) This breakdown is given for information purposes only and may be modified according to the number of shares entitling to dividend between now and the dividend payment date.

Dividends distributed in respect of 2013, 2014 and 2015 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
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0
2015	267,006,775 shares with a par value of €4	€1.15**	€0.72	€0

* *A share of €0.17 of the dividend distributed in respect of the 2014 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

** *A share of €0.43 of the dividend distributed in respect of the 2015 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

11 - NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for financial year 2016, excluding items carried over from prior years, came to €36,985, including €13,440 related to the tax on corporate vehicles (*Taxe sur les Véhicules de Tourisme et Société*) and €23,545 related to rental income and vehicle depreciation, with the corresponding tax in an amount of €12,734.

12 - MANDATES AND OTHER FUNCTIONS EXERCISED BY EACH DIRECTOR

This information is provided in appendix 3.

13 - MANAGEMENT

At December 31, 2016, Gilles Schnepp held the position of Chairman and Chief Executive Officer.

14 - 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 9.1.6 and 9.1.7 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 2016.

15 - SHAREHOLDERS AND ATTAINMENT OF LEGAL THRESHOLDS

a) Overview

The shareholding structure of the Company and information about the attainment of legal thresholds is presented in paragraph 7.1 of the Company's Registration Document.

For more information on shareholders and share ownership thresholds, please consult paragraphs 7.1.1.2 to 7.1.4 of the Company's Registration Document.

b) Employee share ownership

At December 31, 2016, Group employees held a total of 634,829 shares in the "*Actions Legrand*" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.24% of the Company's capital and of its voting rights.

At December 31, 2016, Group employees held a total of 10,771,429 shares in application of article L. 225-197-1 of the French Commercial Code. These shares represented 4% of the Company's capital and of its voting rights.

16 - COMPENSATION OF EXECUTIVE OFFICERS

Information on compensation of Executive Officers is presented in paragraph 6.2.2 of the Company's Registration Document.

17 - INGREDIENTS OF PAY DUE OR ATTRIBUTED IN RESPECT OF THE FINANCIAL YEAR ENDED DECEMBER 31, 2016 TO MR GILLES SCHNEPP, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SUBJECT TO SHAREHOLDERS' OPINION

Informations on the ingredients of pay due or attributed in respect of the 2016 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, subject to shareholders' opinion, is presented in paragraph 6.2.5 of the Company's Registration Document.

18 - STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Information on the Company's stock option plans and performance share plans is presented in paragraphs 7.2 and 7.3 of the Company's Registration Document.

In compliance with articles L. 225-184 and L. 225-197-4 of the French Commercial Code, special reports on this subject will be presented to the General Meeting of Shareholders on May 31, 2017.

In compliance with article L. 225-181 of the French Commercial Code, the terms of dividend payment decided upon by the Combined Shareholders Meeting on May 27, 2016 required adjusting the number and price of share options in the process of vesting as well as the number of performance shares not yet definitively allocated, according to applicable legal conditions, so as to acknowledge the impact of this operation on the interests of recipients.

In view of dividend amounting to €1.15 per share in respect of the 2015 financial year, with (i) €0.72 per share coming from distributable income and (ii) €0.43 from the 'issue premiums' account, the latter payment being considered as a repayment of paid-in capital and representing around 0.84% of the share price on the ex-coupon date, the following adjustments were made:

- for share options, the number of shares was increased by 0.84% and the exercise price lowered by 0.84%;
- for performance shares and performance units, the number of securities was increased by 0.84%.

For the purposes of this adjustment, the rule of rounding up to the next highest whole number was used, to the benefit of recipients.

After adjustment, the share option exercise prices are the following:

- 2007 plan: €24.91;
- 2008 plan: €20.338;
- 2009 plan: €12.97;
- 2010 plan: €21.568.

On the date of the securities transaction, the number of share options in circulation was increased by 22,314 securities and the number of performance shares in the process of allocation was increased by 7,856.

19 AGREEMENTS ENTERED INTO BETWEEN COMPANY EXECUTIVE OFFICERS OR SIGNIFICANT SHAREHOLDERS AND COMPANY SUBSIDIARIES

As stated in paragraph 6.1.1.1 of the Company's Registration Document, none of the members of the Company's Board of Directors are engaged in any business relationships with the Company or its subsidiaries, with the sole exception of Mr. Dongsheng Li. As far as the latter is concerned, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, and a technology agreement exists between the Legrand Chinese subsidiary Legrand (Shanghai) Management Co. Ltd. and the TCL subsidiary TCL Smart Home Technologies Co. Ltd. aimed at enhancing compatibility and communication between their respective products and applications. The financial stakes involved are significant neither for Legrand nor for TCL, as they represented less than 1/2 per mil of both groups' respective sales in 2016.

20 - DELEGATION IN CONNECTION WITH CAPITAL INCREASES

This information is presented in paragraph 9.2.1.1 of the Company's Registration Document.

21 - AUTHORIZATION OF GUARANTEES, ENDORSEMENTS AND BONDS

At its meeting on March 15, 2017, the Board of Directors, acting in accordance with avrticle R. 225-28 of the French Commercial Code, authorized the Chairman and Chief Executive Officer to grant guarantees, endorsements and bonds in the name of and on behalf of the Company, up to a limit of €100,000,000. However, this limit does not apply to guarantees, endorsements and bonds granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

22 - SHARE BUYBACKS

In the course of 2016, the Company purchased a total of 1,637,926 shares at a a total cost of €79,976,133 and sold 1,639,143 shares for a total of €81,335,736, 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 *Autorité des Marchés Financiers* (French Financial Markets Authority) in its decision of March 22, 2005.

The average purchase price was €48.83 per share and the average sale price was €49.62 per share. There were no trading costs associated with these transactions.

At December 31, 2016, the balance on the liquidity contract stood at 60,433 shares.

Outside the scope of the liquidity contract, the Company bought back 1,762,290 shares for a total of €83,150,500, with trading costs amounting to €252,926 (including the amount of financial transaction tax).

Out of this total of 1,762,290 shares, the Company transferred 547,186 shares to employees under performance share plans.

At December 31, 2016, the Company held 1,365,561 shares with a nominal value of €4 each, for a total of €5,462,244 or 0.51% of capital stock. Valued at cost at the time of purchase, these shares totalled €65,976,114.

Outside the scope of the liquidity contract, at December 31, 2016 the Company held 1,305,128 shares, representing a total value at cost of €62,825,169. These shares were appropriated as follows:

- 5,128 shares with an acquisition cost of €238,047, representing 0.002% of the Company's capital and a nominal value of €20,512, were appropriated for implementation of such performance share plans as necessary;
- 1,300,000 shares with an acquisition cost of €62,587,122, representing 0.49% of the Company's capital and a nominal value of €5,200,000 were cancelled.

23 - TRANSACTIONS BY COMPANY EXECUTIVE OFFICERS 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 Officers and similar persons to the French Financial Markets Authority during financial year 2016 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Christel Bories	Purchase	Shares	1	(36,755.78)
Annalisa Loustau Elia	Purchase	Shares	1	(26,965.95)
Isabelle Boccon - Gibod	Purchase	Shares	1	(20,419.07)
			1	(32,424.00)

24 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

Ownership of capital	The ownership of Legrand shares is presented in paragraph 7.1.1 of the Company's Registration Document
Restrictions on the exercise of voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to article L. 233-11 of the French Commercial Code	Nil.
Direct and indirect equity interests of which the Company has been apprised by virtue of articles L. 233-7 and L. 233-12 of the French Commercial Code	Changes in the ownership of Legrand shares during financial year 2016 are presented in paragraph 7.1.1.2 of the Company's Registration Document.
Owners of any securities conferring special rights of control and description of these securities	Nil.
Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves	As provided in the regulations for the "Actions Legrand" investment fund, the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.
Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil.

Ownership of capital	The ownership of Legrand shares is presented in paragraph 7.1.1 of the Company's Registration Document
Appointment and replacement of members of the Board of Directors and amendment of the Company's Articles of Association	In accordance with its Articles of Association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. Beyond this statutory requirement, the Board of Directors regulations recommend that each Director gradually acquire, in the course of their term of office, a number of shares equivalent to the amount of one year's director's fees, the latter being calculated on the basis of an assumption of participation, throughout the year, in every meeting of the Board and of any committees the Director is a part of, with the Legrand share unit value being set at the average share price over the previous terminated financial year. Directors are appointed to serve four-year terms, which expire at the end of the ordinary General Meeting of shareholders called to consider financial statements for the previous financial year and held in the year in which their term of office expires. Directors may be reappointed for consecutive terms 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.
Powers of the Board of Directors, in particular concerning share issuance and repurchase	This information is presented in paragraphs 9.2.1.1 and 9.2.2.1 of the Company's Registration Document. The Company can only repurchase its own shares outside of periods during which shares are made available through public offerings.
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; ■ the bond issue made on December 9, 2015 in a nominal amount of €300 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 Officer and members of the Board of Directors.

25 - DUE DATES OF ACCOUNTS PAYABLE

In accordance with article 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, 2016	262	0	1,339	1,601
Trade payables at December 31, 2015	361	0	1,421	1,782

(1) Includes invoices that have not yet reached the Company.

26 - APPOINTMENT OF STATUTORY AUDITORS

Information on renewal of appointment of principal and replacement Statutory Auditors is given in section 9.4.2 of the Company's Registration Document.

March 15, 2017

The Board of Directors

Appendix 1 to the Management Report

Debt position

(in € millions)	12/31/2016	12/31/2015
EXTERNAL DEBT		
Debt		
Bonds	1,400.0	1,400.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL EXTERNAL DEBT	**1,400.0**	**1,400.0**
Accrued interest	**34.3**	**34.3**
Finance costs		
Bonds	49.4	44.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**49.4**	**44.0**
%	3.5%	3.1%
INTRA-GROUP DEBT		
Debt		
Advance from Legrand France	124.2	-
Finance costs		
Advance from Legrand France	-	0.7
%		
TOTAL DEBT	**1,558.5**	**1,434.3**
Equity	2,297.8	2,388.7
DEBT-TO-EQUITY RATIO	**68%**	**60%**

Appendix 2 to the Management Report

Five-year financial summary

(in € thousands)	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Capital at December 31					
Share capital	1,057,500	1,062,362	1,065,430	1,067,722	1,069,309
Number of common shares	264,374,875	265,590,517	266,357,615	266,930,602	267,327,374
Total shares outstanding	264,374,875	265,590,517	266,357,615	266,930,602	267,327,374
*Of which, treasury stock**	*151,584*	*170,527*	*493,806*	*156,595*	*1,365,561*
Results of operations					
Net revenue	18,475	22,821	18,453	19,728	15,470
Profit before tax, employee profit-sharing, amortization and provisions	70,067	207,488	216,126	193,401	198,266
Income tax benefit (expense)	14,025	7,381	2,606	10,121	10,228
Employee profit-sharing	(76)	(79)	(97)	(84)	(125)
Net profit	86,732	211,074	215,924	198,282	207,884
Total dividend	245,008	265,131	279,254	293,129	307,058
Per share data					
Earnings per share after tax, employee profit-sharing but before amortization and provisions	0.32	0.81	0.82	0.76	0.78
Earnings per share	0.33	0.79	0.81	0.74	0.78
Dividend per share	0.93	1.00	1.05	1.10	1.15
Employee data					
Average number of employees at December 31	36	34	33	33	33
Total payroll	5,212	5,511	5,792	6,786	5,735
Total benefits	5,581	9,952	5,624	4,157	2,487

* *No dividend entitlement or voting rights can be attached to own shares held by the Company*

Appendix 3 to the Management Report

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
GILLES SCHNEPP – Chairman and Chief Executive Officer of Legrand* (since 2006) Age 58(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Gilles Schnepp graduated from the École des Hautes Études Commerciales (HEC). **Professional Background** Gilles Schnepp's career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, Chief Financial Officer in 1996 and Chief Operating Officer in 2000. Gilles Schnepp has been a Director of the Company since 2002, and Chairman of the Board of Directors and Chief Executive Officer since 2006. Gilles Schnepp has also been President of the French Federation of Electric, Electronic and Communication Industries (FIEEC) since July 2013 and Director of Saint-Gobain* (since 2009). Gilles Schnepp holds 2,262,835 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): ▪ Member of the Strategy and Social Responsibility Committee ■ Executive appointments held in various subsidiaries(2) ▪ Representative of Legrand SNC, Chairman of Legrand Pacific ▪ Director of Legrand Kazakstan ▪ Director of PT Supreme Electro Kontak ▪ Director and Managing Director of Legrand SLV d.o.o. ▪ Chairman of Legrand Holding Inc **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) *The age has been fixed as on the 15th of March 2017, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

(2) *No compensation in the form of attendance fees or similar is paid or due in respect of executive appointments held in Legrand or in Group subsidiaries.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
OLIVIER BAZIL – Companies Director Age 70(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Olivier Bazil graduated from the École des Hautes Études Commerciales (HEC) and holds an MBA (Master of Business Administration) from Harvard Business School. **Professional Background** Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand Group in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011. Olivier Bazil also holds the following positions: Member of the Supervisory Board of Michelin*, Vallourec* and Société Civile du Château Palmer, Chairman of Fritz SAS. Olivier Bazil holds 2,009,085 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): ▪ Member of the Nominating and Governance Committee ▪ Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (since 2013) ■ 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)	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* (until May 2011) ■ Mandates in various Group subsidiaries **Outside the Legrand Group** ■ Director of Firmenich International SA (until October 2016)
ISABELLE BOCCON-GIBOD – Companies Director Age 48(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Isabelle Boccon-Gibod holds a degree from l'Ecole Centrale de Paris and from Columbia University in the United States. **Professional Background** Isabelle Boccon-Gibod started her career in 1991 in the International Paper Group as industrial activities Manager of the cardboard division in the United States, then in the United Kingdom from 1997 to 2001, before becoming Head of the strategic development for Europe until 2004. She joined the Sequana* Group in 2006 as Special Advisor to General Management. She was nominated as Vice-Executive President of the Sequana* Group in 2008 and Executive Officer of the Arjowiggings Group in 2009. Isabelle Boccon-Gibod is also a photographer and an author. Isabelle Boccon-Gibod is a Director of Arkema*, of Sequana* and of the Paprec Group. Isabelle Boccon-Gibod holds 1,000 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2016): ▪ Member of the Audit Committee **Outside the Legrand Group** ■ Director of Arkema* (since 2014) ■ Director of Paprec (since 2014) ■ Director of Sequana* (since 2016)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Vice- Executive President of Sequana* group (until 2013) ■ Executive Officer of Arjowiggings (until 2013) ■ Member of the executive Committee of Altavia (until 2016)

** Listed company.*

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Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
CHRISTEL BORIES – Deputy Chief Executive Officer of Eramet* Age 52(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Christel Bories graduated from the École des Hautes Études Commerciales (HEC). **Professional Background** Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Pechiney Group. Following Pechiney's integration into the Alcan Group, Christel Bories was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairman and Chief Executive Officer of Alcan Engineered Products and finally Chief Executive Officer of Constellium (ex Alcan), which she left in December 2011. Christel Bories was appointed Deputy Chief Executive Officer of Ipsen* on February 27, 2013, a position she held until March 2016. Christel Bories also serves on the Board of Directors of Smurfit Kappa* and is Deputy Chief Executive Officer of Eramet since 2017. Christel Bories holds 2,190 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012) ▪ Chairman of the Strategy and Social Responsibility Committee ▪ Member of the Audit Committee **Outside the Legrand Group** ■ Director of Smurfit Kappa* (since 2012) ▪ Member of the Audit Committee and the Compensation Committee ■ Deputy Chief Executive Officer of Eramet* (since 2017)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Deputy Chief Executive Officer of Ipsen* (until March 2016) ■ Director of Natixis* (until May 2014) ■ Director of Cercle de l'Industrie (until May 2013) ■ Chief Executive Officer of Constellium (until December 2011) ■ Director of ATLAS CopCo AB*, Sweden (until 2011)
ANGELES GARCIA-POVEDA – EMEA Co-Managing Director of Spencer Stuart Age 46(1) A Spanish national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Angeles Garcia-Poveda graduated from ICADE in Madrid. She also attended the Business Case Study Program at Harvard University. **Professional Background** Before joining Spencer Stuart in 2008, Angeles Garcia-Poveda spent 14 years with The Boston Consulting Group (BCG). She worked as a strategy consultant at BCG in Madrid and Paris before taking different recruiting roles at local and international level. As BCG global recruiting manager, she has worked on cross-border recruiting projects. Having managed the Spencer Stuart France office for five years, Angeles Garcia-Poveda currently co-leads the EMEA region, and is directly in charge of France, Germany, Austria, Spain, Italy, Switzerland, and Turkey. She is a member of the global Executive Committee. She deploys her expertise in recruitment and assessment of senior executives and Board members and in governance advisory work, mainly in the fields of Consumer goods and Private equity. Angeles Garcia-Poveda holds 2,300 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012): ▪ Lead Director ▪ Chairman of the Compensation Committee ▪ Chairman of the Nominating and Governance Committee ▪ Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ EMEA Co-Managing Director of Spencer Stuart	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Managing Director of Spencer Stuart France

* *Listed company.*

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Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
FRANÇOIS GRAPPOTTE – Companies Director Age 80(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** François Grappotte is a graduate of the Institut d'Études Politiques de Paris and former student of the École Nationale d'Administration (ENA); he also holds a law degree and graduate degrees in political economy and economic and financial sciences from the Faculty of Law of Paris. **Professional Background** François Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until the end of 2003. He was then Chairman of Legrand France until 2006. Since 2006, François Grappotte is Honorary Chairman of the Board of Directors of Legrand*. François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the Banque de France. François Grappotte holds 1,616,000 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002) and Honorary Chairman of the Board of Directors of Legrand*(since 2006) **Outside the Legrand Group** ■ Nil	**Legrand Group** ■ Director of Legrand France (until 2012) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (until May 2013) ■ Director of BNP Paribas* (until May 2011)

* *Listed company.*

(1) *The age has been fixed as on the 15th of March 2017, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
THIERRY DE LA TOUR D'ARTAISE Chairman of the Board of Directors and Chief Executive Officer of SEB SA* (since 2000) Age 62(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Thierry de La Tour d'Artaise is a graduate of the ESCP business school and a chartered accountant. **Professional Background** Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85), and finally as Chief Executive Officer of Croisières Paquet (1986-93). Thierry de La Tour d'Artaise became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and Chief Executive Officer of the Group, becoming Chairman and Chief Executive Officer 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: • Chairman and Chief Executive Officer of SEB S.A* (since 2000) • Director of Zhejiang SUPOR* (China) (since 2008) • Chairman of SEB Internationale (SAS) (since 2000) ■ Other: • Permanent representative of Sofinaction • Director of La Lyonnaise de Banque (since 2001)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Director of Plastic Omnium* (until October 2012) ■ Director of Club Mediterranée* (until April 2015)
DONGSHENG LI – Chairman and Chief Executive Officer and founder of TCL Corporation* Age 59(1) A Chinese national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** In 1982, Dongsheng Li graduated from the Department of Radio Technology at South China University. **Professional Background** As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress. Dongsheng Li holds several prestigious positions, including: Chairman of China Video Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce. In China, Dongsheng Li was named "Man of the year in the Chinese Economy" in 2002 and 2004. In 2009, Dongsheng Li was awarded "Economic Leader of the Decade" by the Chinese business channel CCTV. In the international arena, in 2004, Dongsheng Li was selected as "Asia Businessman of the Year" by Fortune Magazine and one of the "Top 25 Global Business Leaders" by Time Magazine and CNN. Moreover, Dongsheng Li received the Officier de la Légion d'Honneur (French national honor) from President Jacques Chirac in the same year. In 2013, Dongsheng Li was deservedly selected as one of the "2013 Best Chief Executive Officers of Listed Companies in China" by Forbes magazine. Dongsheng Li also holds the following positions: Chairman of Hong Kong listed company TCL Multimedia 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) ■ Other: • Director of Tencent* (since 2004)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Nil

Listed company.

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Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
ANNALISA LOUSTAU ELIA – Chief Marketing Officer of Printemps and member of its Executive Committee (since 2008) Age 51[(1)] A Italian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Annalisa Loustau Elia graduated in law from La Sapienza University in Rome. **Professional Background** Annalisa Loustau Elia worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Product Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the 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 also serves on the Board of Directors of Campari* since 2016. Annalisa Loustau Elia holds 1,340 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2013): • Member of the Compensation Committee **Outside the Legrand Group** ■ Director of Campari* (since 2016)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Nil
ÉLIANE ROUYER-CHEVALIER – Companies Director Age 64[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Éliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. **Professional Background** Éliane Rouyer-Chevalier joined Accor in 1983, taking responsibility for international financing and cash currency management before becoming Director of Investor Relations and Financial Communication in 1992. From 2010 to 2012, she was a member of the Executive Committee of Edenred*, a company created when the Accor Group was split up, as Vice President, Corporate and Financial Communications & Social Responsibility. She is President of ERC Consulting since 2013 and Consultant for the World Bank (IFC) since 2016. Éliane Rouyer-Chevalier is the Honorary Chairman of the French Association for Investor Relations (CLIFF) after having chaired it from 2004 to 2014 and is Vice-President of the Observatoire de la Communication Financière since 2005. She has been a Director of the Federation of Individual Investors and Investment Clubs (F2IC) since 2014 and of the Cercle de la Compliance since 2015. She is Director of Time2Start, an organization that helps young individuals from the suburbs in starting their own business, since 2016. She has been Director of the Institut Français du Tourisme from 2013 to 2016. Éliane Rouyer-Chevalier holds 1,350 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2011): • Chairman of the Audit Committee • Member of the Compensation Committee **Outside the Legrand Group** ■ Chairman of ERC Consulting (since 2013) ■ Consultant for the World Bank (IFC) (since 2016) **Outside the Legrand Group-outside companies** ■ Director of the Cercle de la Compliance (since 2015) ■ Vice-President of the Observatoire de la Communication Financière (since 2005) ■ Director of the F2IC (since 2014) ■ Director of Time2Start (since 2016)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred* (until 2012) ■ Chairman of CLIFF (until 2014) ■ Director of the Institut Français du Tourisme (until 2016)

* *Listed company.*

(1) *The age has been fixed as on the 15th of March 2017, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

APPENDIX 3

Statutory Auditors' report on the financial statements Year ended December 31, 2016

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 audit 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 balances, transactions, disclosures, 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, 2016 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, 2016 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.

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 identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly sur Seine, March 15, 2017

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard Sattler	Jean-François Viat

APPENDIX 4

Board of Directors Report

Presentation of the Agenda for the Combined Ordinary and Extraordinary General Meeting of May 31, 2017

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 31, 2017. 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.

For your information, no new agreement falling within the scope of article L. 225-38 of the French Code of Commerce (Code de Commerce) was entered into during the financial year ended December 31, 2016. The statutory auditors' special report on regulated agreements and commitments is at your disposal in section 7.4.2 of the Company's Registration Document.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 31, 2017 to consider the following agenda:

I – RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2016 (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, 2016 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2016:

- the Company's financial statements show a net profit of €207.9 million;
- the Company's consolidated financial statements show a net profit excluding minority interests of €628.5 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, 2016 amounts to €207,884,117.59;
- €158,708.80 of this net profit would be appropriated to the legal reserve;
- in the absence of any retained earnings, distributable income would therefore amount to €207,725,408.79;
- the amount of reserves unavailable for treasury shares would be reduced by €2,959,832.71 to €3,388,991.52;
- the sum thus deducted from reserves unavailable for treasury shares would be appropriated to "other reserves".

Your Board has therefore proposed that you distribute a dividend amounting to €1.19 per share, for a total of €316,494,557.47, based on the number of shares making up the capital stock at December 31, 2016, 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 would be deducted from "other reserves" in the amount of €2,959,832.71 with the remainder being deducted from the "issue premium" account.

In the event of a change before the dividend payment date in the number of shares entitling holders to a dividend, the 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.

In terms of taxation schemes applicable to individual shareholders residing in France, the distribution of an amount of €1.19 per share, for which your approval is being sought, would be subject to the following conditions:

- in the amount of €0.79[(1)] 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

(1) This breakdown is given for information purposes only and may be modified according to the number of shares entitling to dividend between now and the dividend payment date.

the French tax code. 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 2017 fiscal year. However, under article 117 (iv) of the French tax code, "natural persons belonging to a tax household whose reference fiscal income for the penultimate year, as defined in article 1417, section 4, sub-section 1, is less than €50,000 for taxpayers who are single, divorced or widowed or less than €75,000 for taxpayers subject to joint taxation, may request exemption from this levy". Such persons should, on their own initiative, submit a request for exemption according to the conditions set out in article 242 (iv) of the French tax code. This portion of dividend is also subject to a withholding tax of 15.5% for social security contributions.

- in the amount of €0.40[(1)] the dividend payment deducted from the "issue premium" account would be considered as a repayment of paid-in capital within the meaning of article 112-1 of the French tax code, therefore non-taxable for individual shareholders residing in France; it would however reduce the fiscal share price by the amount of €0.40 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 would be June 2, 2017, and the dividend would be paid to shareholders on June 6, 2017.

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, 2016 (4th 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, the compensation components due or allocated to the Executive Officer in respect of the 2016 financial year are submitted to your opinion.

Consequently, the fourth resolution asks that you issue a favourable opinion on the compensation components listed below due or allocated in respect of the 2016 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer.

(1) This breakdown is given for information purposes only and may be modified according to the number of shares entitling to dividend between now and the dividend payment date.

Compensation components due or allocated in respect of the 2016 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted to shareholders' opinion

Compensation components due or allocated for the year ended December 31, 2016	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 variable compensation	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2016 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing ¾ of annual variable compensation) calculated on the basis of criteria linked to (i) achievement of a certain level of "economic income," *i.e.* adjusted operating income less the cost of capital employed, (ii) 2016 organic growth in revenue, (iii) 2016 revenue growth by consolidation scope impact, and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing ¼ of annual variable compensation) 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 in the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, quality of docking processes for 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, the Board, at its meeting on March 15, 2017, set: ■ the amount of the 2016 variable portion due in respect of meeting quantifiable targets at 73.4% of annual fixed compensation; and ■ the amount of the 2016 variable portion due in respect of meeting qualitative targets at 29% of annual fixed compensation, corresponding to a rate of achievement of 85.3% of the maximum annual bonus and 128% of the target, *i.e.* €640,000. (details of the rate of achievement of the quantifiable and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document). However, it should be noted that Mr. Gilles Schnepp chose, on its own initiative, to waive a portion of this variable compensation in respect of 2016 so as to keep it at the same level as 2015, *i.e.* €535,000.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long term cash incentive	Not applicable	There was no grant during the 2016 financial year. It may be noted that the vesting period of the 2013 Future Performance Units Plan expired on March 7, 2016, with a rate of achievement of future performance conditions of 100.2%. The amount corresponding to these Future Performance Units, which will be paid to Mr. Gilles Schnepp at the end of an additional two-year period, is not currently known as it is indexed on the Legrand share closing price on NYSE Euronext Paris on the day of the beneficiary's decision to exercise the Future Performance Units. Said amount shall be submitted to the vote of shareholders once it is known. These plans (especially the performance conditions applicable to performance units allocated) are described in section 6.2.2.1 of the Company's Registration Document, pages 191-193.

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Compensation components due or allocated for the year ended December 31, 2016	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 2016 financial year.
	Performance shares: valuation €659,375	On a recommendation of the Compensation Committee, the Board of Directors on May 27, 2016 decided to set up a 2016 Performance Share Plan. This plan (especially the performance conditions applicable to the allocation of shares) is described in section 6.2.2.1 of the Company's Registration Document, on page 190, and in chapter 7.3 of the Company's Registration Document, on page 207. The allocation benefiting Mr. Gilles Schnepp in respect of this plan amounted to 3.08% of the overall allocation*. The number of performance shares allocated to Mr. Gilles Schnepp is 15,181. This number may subsequently vary in a range between 0% and 150% of the number of shares initially allocated, according to the level of attainment of "external" and "internal" financial performance conditions and an extra-financial performance condition. As stated previously, the Board of Directors took its decision on May 27, 2016 on the basis of an authorization granted by the General Meeting on May 24, 2013, in its ninth resolution *(Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers)*.
	Other securities: Not applicable	There was no grant during the 2016 financial year.
Extraordinary compensation	Not applicable	There are no plans to allocate any extraordinary compensation.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees in respect of his office within the Company or its subsidiaries.
Valuation of all types of benefit	Not applicable	

* *This calculation takes into account (i) the adjustment in the number of performance shares made in view of the conditions of dividend payment decided upon by the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2016, to acknowledge the impact of this operation on the interests of beneficiaries of performance shares (for details please refer to chapter 7.3 of the Company's Registration Document), and (ii) Mr. Gilles Schnepp's decision to waive part of his entitlement to shares allocated during the 2016 financial year (for details please refer to table 6, "Performance shares freely awarded by the General Shareholders' Meeting during the financial year to the Executive Officer by the Company and by any Group company", on page 189 of the Company's Registration Document).*

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	There is no commitment in this regard.

Summary table of criteria for determining the Executive Officer's 2016 annual bonus

Mr. Gilles Schnepp's annual bonus in respect of the 2016 financial year was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantifiable portion: ¾ of variable total 60% of fixed compensation (as a target)	Economic income	Adjusted operating income less the cost of capital employed, in € millions	As a % of fixed compensation	0%	40%	60%	50.0%
			Indicator value	649	749	849	799
	Organic growth	Organic revenue growth as a % of 2016 revenue	As a % of fixed compensation	0%	8%	12%	11.6%
			Indicator value	-2%	0%	2%	1.8%
	Acquisitions	2016 revenue growth by scope of consolidation effect	As a % of fixed compensation	0%	4%	6%	3.8%
			Indicator value	0%	5%	10%	4.7%
	Corporate Social Responsibility (CSR)	Inclusion of Legrand in benchmark CSR indices	As a % of fixed compensation	0%	8%	12%	8.0%
			Indicator value	5	11	14	11
	QUANTITATIVE TOTAL			**0%**	**60%**	**90%**	**73.4%**
Qualitative portion: ¼ of variable total 20% of fixed compensation (as a target)	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	8%	12%	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, quality of docking process for acquisitions already made		0%	8%	12%	11%
	General criteria	Risk management, labour issues, succession plans		0%	4%	6%	6%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**29%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**	**102.4%**

Executive Officer's 2016 long-term compensation

The long-term compensation allocated to Mr. Gilles Schnepp in respect of the 2016 financial year takes the form of a performance share plan (the "**2016 Performance Share Plan**"), approved by your Board of Directors on May 27, 2016, on a recommendation from the Compensation Committee.

The number of performance finally allocated to Mr. Gilles Schnepp in respect of this plan will fall in a range between 0% and 150% of the initial allocation, after enforcement of a service condition and several performance criteria:

"External" financial performance criterion

Pay-out rate (1)	0%	100%	150%
EBITDA margin average gap over 3 years in Legrand's favour between Legrand and the MSCI average	3.5 points or less	7.8 points	10.0 points or more

"Internal" financial performance criterion

Pay-out rate (1)	0%	100%	150%
3-year average in normalized free cash flow as a percentage of sales	8.8% or less	12.2%	13.9% or more

Extra-financial performance criterion

Applicable to the Executive Officer

Pay-out rate (1)	0%	Between 70%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
3-year average achievement rate of the Group's CSR Roadmap priorities	Below 70%	Between 90% and 97%	Between 90% and 125	Between 125% and 213%	Above 213%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

For your information, the precise nature of the performance criteria applicable to shares allocated in the framework of this plan is detailed in section 6.2.1.1 of the Company's Registration Document.

Compensation policy applicable to the Chairman and Chief Executive Officer, in respect of the 2017 financial year (5th resolution)

In line with article L. 225-37-2 of the French Commercial Code, you are asked to approve the principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman and Chief Executive Officer in respect of the 2017 financial year, which make up the compensation policy applicable to him.

The amounts that would result from the enforcement of these principles and criteria will also be submitted for your opinion at the next General Meeting called to consider financial statements for the 2017 financial year, it being specified that payment of variable and exceptional compensation components is conditional upon approval at the next General Meeting.

Consequently, the fifth resolution asks that you issue a favourable opinion on the components listed below of the compensation policy applicable to the Chairman and Chief Executive Officer in respect of the 2017 financial year.

Component	Strategic purpose	Operation	Amount/Weighting as % of fixed salary
FIXED COMPENSATION	**Retaining and motivating high-performing senior executives**	Determined by the Board of Directors upon a recommendation from the Compensation Committee, according to: ■ level of responsibility; ■ experience; ■ market practice; ■ where applicable, any changes in role and responsibilities.	€625,000 Unchanged since 2011
ANNUAL VARIABLE	**Encouraging the achievement of the Company's financial and extra-financial annual targets**	The Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities, determines the following: ■ annual objectives; ■ type and weighting of performance criteria; ■ relative share of quantifiable and qualitative portions.	Minimum value: 0% of fixed compensation Target value: 80% of fixed compensation Maximum value: 120% of fixed compensation
		Quantifiable portion (predominant): structured so as to take account of the year's growth rate, according to the attainment of specific, ambitious performance criteria: ■ financial criteria (adjusted operating margin excluding acquisitions, organic growth, external growth); ■ extra-financial criteria (Legrand's inclusion in benchmark CSR indices).	3/4 of annual variable compensation *i.e.* 60% of fixed compensation as the target value
		Qualitative portion: structured so as to take account of the year's initiatives deployed to support long-term growth	1/4 of annual variable compensation *i.e.* 20% of fixed compensation as the target value
LONG-TERM	**Incentivising long-term financial and extra-financial performance and rewarding outperformance**	The Board of Directors upon a recommendation from the Compensation Committee, determines the following: ■ annual objectives; ■ type and weighting of future performance criteria.	Target value: 120% of fixed compensation, converted into shares Variation in a range between 0% and 150% of the number of shares initially allocated according to achievement of future performance conditions
		Determined after application of a service condition and 3 demanding performance criteria tested over three years: ■ External financial criterion (EBITDA margin average gap over 3 years in Legrand's favour between Legrand and the MSCI average); ■ Internal financial criterion (3-year average in normalized free cash flow as a percentage of sales); ■ Extra-financial criterion (3-year average achievement rate of the Group's CSR Roadmap priorities).	1/3 for each criterion

Compensation policy in respect of the 2017 financial year applicable to the Chairman and Chief Executive Officer, submitted to shareholders' opinion

Compensation components due or allocated in respect of the 2017 financial year	Amounts or weighting as a percentage of fixed compensation	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 variable compensation	Min.: 0% Target: 80% Max: 120%	The Board of Directors decided that the variable compensation paid to the Chairman and Chief Executive Officer in respect of the 2017 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing ¾ of annual variable compensation) calculated on the basis of criteria linked to (i) achievement of a certain level of "adjusted operating margin", (ii) 2017 organic growth in revenue, (iii) 2017 revenue growth by consolidation scope impact, and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing ¼ of annual variable compensation) 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 in the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, quality of docking processes for acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. These quantifiable and qualitative criteria, as well as the targets set, are described in detail in section 6.2.2.1 of the Company's Registration Document.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Not applicable	Not applicable	No grant is planned in respect of 2017.
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	No grant is planned in respect of 2017.
	Performance shares	On a recommendation from the Compensation Committee, the Board of Directors on March 15, 2017 decided to set up a 2017 Performance Share Plan. This plan is described (especially the performance conditions applicable to the allocation of shares and the calculation method for determining the number of shares ultimately allocated) in section 6.2.1.1 of the Company's Registration Document, on pages 182-184. The target value of this plan has been set at 120% of the fixed compensation and will be converted into shares. The number of performance shares finally allocated may vary in a range between 0% and 150% of the initial allocation, according to the level of attainment of "external" and "internal" financial performance conditions and an extra-financial performance condition. As stated previously, the Board of Directors took its decision on March 15, 2017 on the basis of an authorization granted by the General Meeting on May 27, 2016, in its thirteenth resolution *(Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers)*.
	Other securities: Not applicable	No grant is planned in respect of 2017.
Extraordinary compensation	Not applicable	There are no plans to allocate any extraordinary compensation.
Attendance fees	Not applicable	The Chairman and Chief Executive Officer does not receive attendance fees in respect of his office within the Company or its subsidiaries.
Valuation of all types of benefit	Not applicable	

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Compensation components to be submitted to shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components to be submitted to 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	There is no commitment in this regard.

Signing bonus in the event of arrival of a new executive officer in the course of 2017

There is no provision for any signing bonus intended to compensate loss of benefits in the event of arrival of a new executive officer in the course of the 2017 financial year.

Principles and criteria for determining 2017 annual variable compensation attributable to the Chairman and Chief Executive Officer

The calculation principles for variable compensation in respect of the 2017 financial year, including applicable criteria and their weighting as indicated in the table below, were determined by your Board of Directors on March 15, 2017, on a recommendation by the Compensation Committee.

The following changes may be noted in relation to the 2016 financial year: (i) replacement of the economic income criterion by an adjusted operating margin criterion, and (ii) increased weighting of organic and external growth criteria. While in no way altering the degree of stringency of the criteria, these changes enable complete consistency between the quantifiable targets and the Company's publicly released objectives.

				Min	Target	Max
Quantifiable portion: ¾ of variable total 60% of fixed compensation (as a target)	Operating margin	2017 adjusted operating margin (at 2016 scope)	As a % of fixed compensation	0%	**32%**	48%
			Indicator value	19.3%	19.7%	20.1%
	Organic growth	Organic revenue growth as a% of 2017 revenue	As a % of fixed compensation	0%	**12%**	18%
			Indicator value	0%	1.5%	3%
	Acquisitions	2017 revenue growth by scope of consolidation effect	As a % of fixed compensation	0%	**8%**	12%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Inclusion of Legrand in benchmark CSR indices	As a % of fixed compensation	0%	**8%**	12%
			Indicator value	7	12	14
	QUANTIFIABLE TOTAL			**0%**	**60%**	**90%**
Qualitative portion: ¼ of variable total 20% of fixed compensation (as a target)	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	**8%**	12%
	Acquisition strategy	Adherence to set priorities, emphasis on multiples, quality of docking process for acquisitions already made		0%	**8%**	12%
	General criteria	Risk management, labour issues, successions plans		0%	**4%**	6%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**

Principles and criteria for determining long-term variable compensation attributable to the Chairman and Chief Executive Officer in respect of the 2017 financial year

The long-term variable compensation attributable to the Chairman and Chief Executive Officer in respect of the 2017 financial year would take the form of a performance share plan (the **"2017 Performance Share Plan"**). This allocation would be converted into shares at the Board of Directors meeting due to take place on May 31, 2017, immediately after the 2017 General Meeting, and would, if approved, correspond to 120% of fixed salary as a target value.

As in 2016, the number of performance shares ultimately allocated to the Chairman and Chief Executive Officer after a period of slightly over four years could vary in a range between 0% and 150% of the initial allocation and would be determined after application of a service condition and of three performance criteria, both financial and extra-financial, each of which would determine one third of the final allocation:

Type of performance criteria	Description of performance criteria	Weighting of performance criteria
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand consolidated EBITDA margin as shown in the consolidated financial statements of the three years preceding the day of expiry of the three-year vesting period and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	1/3
"Internal" financial performance criterion	Arithmetic mean of levels of normalized free cash flow as a percentage of sales, as shown in the consolidated financial statements of the three years preceding the day of expiry of the three-year vesting period, compared to the target level.	1/3
Extra-financial performance criterion	Arithmetic mean over a three-year period of the average annual rates of achievement of the Group's CSR Roadmap priorities.	1/3

It is thus envisaged to test these performance criteria over a three-year period and to calculate the number of performance shares ultimately allocated according to the following method:

1) *"External" financial performance criterion*

Pay-out rate (1)	0%	100%	150%
EBITDA margin average gap over 3 years in Legrand's favour between Legrand and the MSCI average	*3.5*(2) points or less	*7.8* points(2)	*10*(2) points or more

2) *"Internal" financial performance criterion*

Pay-out rate (1)	0%	100%	150%
3-year average in normalized free cash flow as a percentage of sales	8.6% or less	12.0%	13.7% or more

3) *Extra-financial performance criterion*

Pay-out rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
3-year average achievement rate of the Group's CSR Roadmap priorities	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) The values of these limits stated in the table above are given as examples only, to illustrate the calculation method applicable to the criterion. For the purpose of the allocation of performance shares which will take place on May 31, 2017, the values referred to will be the following:

- *Mid-point: gap between Legrand and the MSCI average seen in 2016 (data available in June 2017)*
- *Lower limit: mid-point minus 4.3 points*
- *Upper limit: mid-point plus 2.2 points.*

For more information about Company policy on the compensation and benefits of the Chairman and Chief Executive Officer in respect of 2017, please refer to section 6.2.1 of the Company's Registration Document.

Renewal of the Director's mandate of Ms. Annalisa Loustau Elia (6th resolution)

The Director's mandate of Ms. Annalisa Loustau Elia is expiring at the end of today's General Meeting. Ms. Annalisa Loustau Elia has expressed her intention to apply for renewal of her term of office.

Ms. Annalisa Loustau Elia has been a Director of the Company since 2013 and is also a member of the Compensation Committee.

By virtue of her experience in marketing and product development in the luxury goods, retail sales and mass distribution markets, Ms. Annalisa Loustau Elia provides the Company with a perspective that complements the considerations specific to its field of business and enables it to benefit from her expertise on aspects of strategic leverage. Her Italian nationality further contributes a valuable perspective in view of the Group's historically strong presence in Italy.

The Nominating and Governance Committee and the Board of Directors are both favourable to the renewal of the terms as Director and Committee member of Ms. Annalisa Loustau Elia. Recognizing that her varied and extensive skills are a major asset to the Company, the Nominating and Governance Committee and the Board of Directors also point out that Board membership is regularly distinguished, especially in the context of the Corporate Governance Awards *(Grands Prix des Gouvernements d'Entreprise)* organised by AGEFI:

- On the occasion of the eleventh edition of the AGEFI Corporate Governance Awards, on September 24, 2014, Legrand was awarded the Silver Governance Award for Board of Directors Membership. This award reflected recognition of several characteristics of Legrand's Board, including the percentage of female members, the number of different nationalities among members, the provision of detailed information about Board members, the duration of their term of office, and their independence. On the same occasion, Legrand was also awarded the 2014 Corporate Governance Grand Prix and the Golden Governance Trophy for Dynamic Governance;
- On the occasion of the twelfth edition of the AGEFI Corporate Governance Awards, on September 16, 2015, Legrand once again won an award for Board membership.

At its meeting on March 15, 2017, the Board of Directors, acting on a recommendation from the Nominating and Governance Committee, confirmed its assessment that (i) there is no significant business relationship between Ms. Annalisa Loustau Elia and Legrand and that (ii) Ms. Annalisa Loustau Elia may be considered an independent director.

A summary biography of Ms. Annalisa Loustau Elia is given below.

Ms. Annalisa Loustau Elia

Ms. Annalisa Loustau is Chief Marketing Officer of Printemps and has been a member of its Executive Committee since 2008. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury and consumer goods sectors. She worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Products Division in Paris, and for thirteen years at Procter & Gamble in Geneva and in subsidiaries in Paris and Rome. Ms Annalisa Loustau is a graduate in law from La Sapienza University in Rome.

Ms. Annalisa Loustau is aged 51 and an Italian national.

She holds 1340 Company shares.

Subject to your approval of the renewal of the term of office of Ms. Annalisa Loustau Elia as a Company Director, the Board of Directors at the conclusion of the General Meeting on May 31, 2017 will thus comprise ten members, including:

- **five female members,** that is to say a share of 50%, beyond the requirements of the French Commercial Code (40% as of 2017) and the recommendation of the Code of Corporate Governance (40% as of 2016);
- **four different nationalities**, with one Chinese member, one Spanish member, one Italian member, and seven French members;
- **seven independent members,** that is to say a share of 70%, beyond the 50% minimum level recommended by the Code of Corporate Governance.

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:

Administrateurs	2018	2019	2020	2021
Mr. Gilles Schnepp	X			
Mr. François Grappotte	X			
Mr. Olivier Bazil	X			
Ms. Christel Bories			X	
Ms. Angeles Garcia-Poveda			X	
Mr. Thierry de La Tour d'Artaise			X	
Mr. Dongsheng Li	X			
Ms. Annalisa Loustau Elia				X
Ms. Éliane Rouyer-Chevalier		X		
Ms. Isabelle Boccon-Gibod			X	
NUMBER OF RENEWALS PER YEAR	**4**	**1**	**4**	**1**

Statutory Auditors' terms of office (7th and 8th resolutions)

The Company's Statutory Auditors are tasked with a duty of control and supervision vested in them by law. In particular, their role is to certify independently that the Company and consolidated financial statements for the previous financial year, which are submitted for your approval, are regular, accurate and truthful.

As a société anonyme publishing consolidated financial statements, the Company is required to have at least two mutually independent principal Statutory Auditors. Until the entry into force of French law No. 2016-1691 of December 9, 2016 on transparency, anti-corruption and economic modernization, known as the "Sapin II Act", the Company was also required to have substitute Statutory Auditors to replace the principal Statutory Auditors in the event of refusal, unavailability or resignation of the latter.

Since the entry into force of the Sapin II Act on December 11, 2016, the appointment of a substitute Statutory Auditor is required only if the designated principal Statutory Auditor is a natural person or a single-member company. As the Company's Statutory Auditors are neither natural persons nor single-member companies, the Company is no longer required to have substitute Statutory Auditors.

Currently, the principal Statutory Auditors are Deloitte & Associés and PricewaterhouseCoopers; substitute Statutory Auditors are Mr. Jean-Christophe Georghiou and BEAS.

Renewal of one of the principal Statutory Auditors' term of office (7th resolution)

Initially appointed principal Statutory Auditor by the Ordinary General Meeting of Shareholders on December 21, 2005, Deloitte had its term of office as principal Statutory Auditor renewed by the Ordinary General Meeting on May 26, 2011 for six financial years. This term is expiring at the end of the General Meeting called on May 31, 2017.

The situation of your Statutory Auditors has been carefully examined by the Audit Committee. In view of the quality and efficiency of Deloitte's contribution to Legrand, especially on a technical level, which is highly appreciated both inside and outside the Company, and of its in-depth knowledge of the Group, the Audit Committee has declared itself favourable to renewing its term of office as principal Statutory Auditor.

In support of this proposition, your Board recommends that you renew the term of office of this principal Statutory Auditor, for a term of six financial years as provided for by law, until the General Meeting called in 2023 to approve financial statements for the year ended December 31, 2022.

For your information, fees paid to Deloitte in 2016 amounted to €2,822,998 in total, of which (i) €2,769,550 in respect of audit assignments, certification of financial statements, review of individual and consolidated financial statements, and other work and services directly related to the Statutory Auditors' assignment (the latter covering mainly audits performed in the context of acquisition projects) and (ii) €53 448 in respect of other services provided by the network to integrated subsidiaries worldwide (the latter being mainly assignments to provide assistance with tax declarations and, occasionally, "tax compliance" services; it being pointed out that these services are usually provided in countries where Deloitte does not fulfil the role of local Statutory Auditor).

Non-renewal of one of the substitute Statutory Auditors' term of office (8th resolution)

The term of office of BEAS as substitute Statutory Auditor is expiring at the end of the General Meeting called on May 31, 2017. Pursuant to the Sapin II Act amending article L. 823-1-2 of the French Commercial Code, this resolution proposes not renewing the term of office of BEAS as substitute Statutory Auditor.

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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 on May 27, 2016.

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, and (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 thus repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted, or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (Autorité des Marchés Financiers), or for any other purpose consistent with applicable regulations.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 27, 2016.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 31, 2017, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any event, at no time would this authorization raise the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares making up the Company's share capital at that time.

The shares repurchased and held by the Company would have no voting rights and would not be entitled to dividends.

We propose that you set the maximum purchase price per share at €75 (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 31, 2017. It could not be used during any period during which shares are made available through public offerings.

For reference, at December 31, 2016, the Board of Directors had used the previous authorization as follows:

- the total amount of buybacks implemented by the Company was €104.6 million;
- the Company held 1,365,561 shares with a par value of €4, for a total of €5,462,244, representing 0.51% of the Company's capital (of which 1,305,128 shares excluding liquidity contracts, purchased at a total cost of €65,976,114, to hedge its commitments towards beneficiaries of options or performance shares, and to an FCPE employee share-ownership fund under a profit-sharing program);
- the balance of the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 60,433 shares.

II - Resolutions for the Extraordinary General Meeting

Renewal of authorization to cancel shares repurchased under the share buyback programs (10th resolution)

Adoption of this resolution would enable the Company to reduce its share capital by cancelling some or all of the shares purchased under the share buyback programs authorized and implemented by the Company, thereby producing an accretive effect for shareholders.

In any 24-month period, these shares could be cancelled up to a limit of 10% of the Company's share capital at the date of the Combined Ordinary and Extraordinary General Meeting of May 31, 2017.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 27, 2016.

If approved, this authorization would invalidate all authorizations previously granted by the shareholders to the extent not used.

Overview of limits on financial authorizations submitted for approval to the General Meeting on May 31, 2017

Nature of authorization	Resolution	Limit	Duration	Expiry date
Renewal of the share buyback program	9th resolution	10% of share capital (*i.e.* around €106.41 million)	18 months	November 30, 2018
Reduction in capital stock by cancellation of shares	10th resolution	10% of share capital per 24-month period	18 months	November 30, 2018

A complete recapitulation of authorizations and delegations granted to the Board of Directors by the General Meeting and still applicable, and of their use during the 2016 financial year is provided in section 10.2.1.1 of the Company's Registration Document.

Powers to effect formalities (11th 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 31, 2017.

Executed on March 15, 2017 by the Board of Directors

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 31, 2017

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements of the year 2016)

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 2016 financial year, of the Chairman of the Board's report as appended to the management report, of the auditors' report on the annual financial statements, and of the auditors' report on the Chairman's report, shareholders approve the Company's financial statements in respect of the financial year ended December 31, 2016 as presented, which show a net profit of €207,884,117.59, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Moreover, in accordance with the provisions of article 223 (iv) of the French general tax code (*Code général des impôts*), shareholders approve the total amount of expenses and charges referred to in article 39-4 of the French General Tax Code, amounting to €36,985 in respect of the 2016 financial year, and the tax incurred in respect of said expenses and charges, amounting to €12,734.

Second Resolution (Approval of the consolidated financial statements of the year 2016)

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 2016 financial year together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements in respect of the financial year ended December 31, 2016 as presented, which show a net profit excluding minority interests of €628,5 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, 2016 amounts to €207,884,117.59;
2. resolve to appropriate €158,708.80 of this net profit to the legal reserve;
3. observe that, in the absence of any retained earnings, distributable income therefore amounts to €207,725,408.79;
4. resolve to reduce the amount of reserves unavailable for treasury shares by €2,959,832.71 in order to reduce it to €3,388,991.52;
5. resolve to appropriate the sum thus deducted from reserves unavailable for treasury shares to "other reserves";
6. resolve to distribute a dividend to shareholders amounting to €1.19 per share, making a total amount of €316,494,557.47 on the basis of the number of shares making up capital stock at December 31, 2016 and after deduction of treasury shares held at this date, it being stipulated that the share of the amount thus distributed exceeding the amount of distributable income is to be deducted from "other reserves" in an amount of €2,959,832.71 with the remainder being deducted from the issue premiums account.

In the event of a change before the dividend payment date in the number of shares entitling holders to a dividend from the 265,961,813 shares making up capital stock at December 31, 2016, and after deduction of treasury shares held at this date, the total amount of dividend and the amount deducted from issue premiums will be adjusted accordingly.

The ex-dividend date is June 2, 2017 and the dividend will be made payable from June 6, 2017.

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the dividend payment date.

Shareholders grant the Board of Directors all necessary powers to determine, considering in particular the number of treasury shares held by the Company at the dividend payment date and the number of shares issued or cancelled before that date, the total amount of the dividend and, by the same token, the amount to be deducted from the issue premiums account.

Concerning the tax treatment of the €1.19 dividend per share proposed to Company shareholders, it is stipulated, subject to any adjustments related to potential variations referred to in the previous section, that this distribution will be considered, for tax purposes:

- in the amount of €0.79, 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 €0.40 deducted from the 'issue premiums' account, as a repayment of paid-in capital within the meaning of article 112-1 of the French Tax Code, therefore non-taxable for individual shareholders residing in France but reducing the fiscal share price.

Shareholders note that, in respect of 2013, 2014 and 2015 financial years, the amounts of dividend paid and income distributed eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code were as follows:

			Earnings distributed per share	
Financial year	**Shares with dividend entitlement**	**Net dividend per share**	**Eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code**	**Not eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code**
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0
2015	267,006,775 shares with a par value of €4	€1.15**	€0.72	0€

* *A share of €0.17 of the dividend distributed in respect of the 2014 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

** *A share of €0.43 of the dividend distributed in respect of the 2015 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

Fourth Resolution (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, 2016)

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, which constitutes the Company's code of reference pursuant to article L. 225-37 of the French Commercial Code, issue a favourable opinion on the compensation components due or allocated in respect of the 2016 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, as set out in the 2016 Registration Document, Appendix 2 "Management report of the Board of Directors on March 15, 2017 to the Annual General Meeting scheduled on May 31, 2017", in the section entitled "Compensation components due or allocated in respect of the 2016 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, 2016.

Fifth Resolution (Compensation policy applicable to the Chairman and Chief Executive Officer, in respect of the 2017 financial year: approval of principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman and Chief Executive Officer in respect of his mandate)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the report provided for in article L. 225-37-2 of the French Commercial Code (*Code de commerce*) as set out in the 2016 Registration Document, Appendix 4 "Board of Directors" report: Presentation of the agenda for the combined Ordinary and Extraordinary General Meeting of May 31, 2017", in the section entitled "Compensation policy applicable to the Chairman and Chief Executive Officer, in respect of the 2017 financial year", shareholders approve the principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman and Chief Executive Officer in respect of his mandate.

Sixth Resolution (Renewal of the Director's mandate of Ms. Annalisa Loustau Elia)

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 term of Ms. Annalisa Loustau Elia 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 term of four years, ending at the date of the General Meeting of shareholders called in 2021 to consider financial statements for the financial year ending December 31, 2020.

Seventh Resolution (Renewal of the mandate of Deloitte as principal statury auditor)

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 mandate of Deloitte as principal statutory auditor expires this date.

Shareholders decide to renew the mandate as principal statutory auditor of Deloitte, domiciled at 185, avenue Charles-de-Gaulle, 92524 Neuilly-sur-Seine, for a term of six years from this date, ending at the date of the General Meeting of shareholders called in 2023 to consider financial statements for the financial year ending December 31, 2022.

Eighth Resolution (Non-renewal of the mandate of BEAS as deputy statutory auditor)

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 mandate of BEAS as deputy statutory auditor expires this date.

Shareholders decide not to renew the mandate as deputy statutory auditor of BEAS, domiciled at 195, avenue Charles-de-Gaulle, 92220 Neuilly-sur-Seine.

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 *et seq.* of the French Commercial Code and with the terms of Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, to purchase, or to have purchased, Company shares representing at most 10% of the Company's capital stock at the date of this General Meeting, it being noted that, when shares are bought to ensure the market liquidity of Legrand shares under the conditions described below, the number taken into account for the calculation of this limit of 10% will be the number of shares bought less the number of shares resold during the term of this authorization;
2. provide that shares may be bought, sold or transferred for the purposes of:
   - ensuring the liquidity and active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Code of Practice recognized by France's Financial Markets Authority (*Autorité des marchés financiers*);
   - implementing (i) any and all Company stock options plans in accordance with articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan, (ii) any and all Group employee share-ownership programs in accordance with articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*) or to provide for share allocations for employee profit-sharing and/or in lieu of discount according to applicable laws and regulations, (iii) any and all free share allocations pursuant to articles L. 225-197-1 *et seq.* of the French Commercial Code, as well as providing cover for such transactions at such times as the Board of Directors or the person acting on its behalf takes action, (iv) any and all allocation of shares to the benefit of employees and/or executive officers of the Company or the Group, according to applicable laws and regulations,
   - holding and subsequently transferring shares by way of exchange or payment relating to a business acquisition, merger, demerger, or transfer of assets, it being stipulated that the number of shares acquired by the Company with a view to holding 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 tenth resolution below, or
   - carrying out such other practices as may be permitted or recognized by law or by the Financial Markets Authority, or pursuing any other objective complying with applicable laws and regulations.

Shares may be purchased, sold, transferred or exchanged, directly or indirectly, in particular by any third party acting on behalf of the Company under the conditions provided by the last section of article L. 225-206 of the French Commercial Code, at any time within the limits authorized by laws and regulations, except at such times as Company shares may be the object of a tender offer, in one or more instalments, by any means, on or off any market, including via systematic internalisers or through OTC transactions, trading in blocks of shares or public tender offers, or through the use of any financial instruments or derivatives, including option-based mechanisms such as purchases and sales of put and call options or by delivery of shares arising from the issuance of securities giving access to the Company's capital by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or indirectly through an investment service provider.

The maximum price paid for purchases may not exceed €75 per share (excluding acquisition expenses) or the equivalent value of this amount in another currency or any other monetary unit established with reference to several currencies on the same date, it being noted that this price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allocations and/or share splits or reverse splits.

The maximum amount allowed for implementation of the share buy-back program is €1 billion, or the equivalent value of this amount in another currency or any other monetary unit established with reference to several currencies on the same date.

The application of this resolution may not at any time result in the number of treasury shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at that time.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to decide on the use and deployment of this authorization, and in particular to determine the conditions of such use, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the purposes allowed in compliance with law and regulations, to make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Tenth Resolution (Authorization granted to the Board of Directors to reduce the capital stock by cancellation of treasury shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, the shareholders authorize the Board of Directors, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, at its sole initiative and on one or several occasions, in such proportion and at such times as it deems appropriate, all or some of the Company shares purchased under share buyback programs authorized and deployed by the Company, and to reduce the capital stock of the Company by the total nominal amount of the shares thus cancelled, within a limit of 10% of the share capital at the date of this General Meeting in any period of twenty-four months.

The difference between the carrying amount of the cancelled shares and their nominal amount shall be allocated to reserves or premiums.

Shareholders grant the Board of Directors full powers, with the right of sub-delegation as provided by law and the Company's Articles of Association, to set the terms for cancellation of the shares, to effect and recognize such cancellations and the corresponding capital reductions, to allocate the difference between the price paid for the cancelled shares and their nominal value to any reserves or premiums, to make the necessary amendments to the Company's Articles of Association, to make all necessary declarations to the French Financial Markets Authority, to effect all other formalities and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is granted for a period of eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

Eleventh Resolution (Powers to effect formalities)

Shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to effect all legally required filings, formalities and publications.

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