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<p style="text-align: center;"><b>INTERNAL CHARTER</b></p> <p style="text-align: center;"><b>APPLICABLE TO RELATED-PARTY AGREEMENTS AND AGREEMENTS CONCERNING ORDINARY ARM'S LENGTH TRANSACTIONS</b></p> <p style="text-align: center;"><b>INCLUDING THE PROCEDURE FOR ASSESSING ORDINARY AGREEMENTS REQUIRED BY ARTICLE L. 225-39 OF THE FRENCH COMMERCIAL CODE</b></p>		

This charter (hereinafter the “**Charter**”) has been drafted in connection with (i) the regulations on related-party agreements and agreements concerning ordinary arm’s length transactions introduced with the adoption of law no. 2019-486 of May 22, 2019 (the “**Pacte Law**”) and (ii) AMF recommendation 2012-05 of July 2, 2012, as amended on October 5, 2018 (the “**AMF Recommendation**”).

The purpose of the Charter is to:

1. Summarize the regulations applicable to related-party agreements and agreements concerning ordinary arm’s length transactions and clarify the methodology used internally for classifying the Group’s various agreements.
2. Outline the procedure for reviewing related-party agreements entered into by Legrand
3. Lay out the regular assessment procedure for making sure that ordinary agreements entered into at arm’s length—referred to as “non-regulated agreements”—actually fulfill these criteria.

The Charter, originally approved by Legrand’s Board of Directors on March 5, 2014, was updated by the Board of Directors on May 6, 2020. It is available for download from the Company’s website at: <https://legrandgroup.com>.

## 1. Summary of the regulations

### 1.1 Related-party agreements

#### a. Definition

Article L. 225-38 of the French Commercial Code defines a related-party agreement as any agreement entered into by the Company with:

- **one of its senior executives or shareholders:** that is: any agreement—directly or via an intermediary—between the Company and its Chief Executive Officer, one of its Chief Operating Officers, one of its directors, one of its shareholders holding more than 10% of voting rights or a company controlling<sup>1</sup> the latter,

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<sup>1</sup> The concept of control should be interpreted as defined in article L. 233-3 of the French Commercial Code.

- **any person with an indirect interest<sup>2</sup>**, that is: any agreement between the Company and a third party, be it a natural person or a legal entity, who is not party to said agreement, but who derives or may derive benefits from the agreement by virtue of their relationship with and the powers it possesses to influence the behavior of the parties to the agreement<sup>3</sup>,
- **a business having a senior executive in common with the Company**, that is: any agreement entered into by the Company with a (French or non-French) business if the Company's Chief Executive Officer, Chief Operating Officers or one of the directors of the Company owns, is a partner with unlimited liability, an owner-manager, a supervisory board member or, generally speaking, a senior executive of the business entering into that agreement.

b. Authorization and approval required

Prior authorization from the Board of Directors<sup>4</sup> and retrospective ratification at a Shareholders' Meeting<sup>5</sup> are required for every related-party agreement.

**Clarifications:**

- The basis for granting prior authorization must be fully explained: the potential benefit of the agreement under consideration for the Company must be justified and its financial terms and conditions must be laid out.
- At the meeting of the Board of Directors, the directly or indirectly interested person should not be present during the discussion or take part in the corresponding vote<sup>6</sup>.
- At the Shareholders' Meeting, the directly or indirectly interested person retains the right to participate in the discussion but may not take part in voting. Their shares are excluded from the calculation of the majority required<sup>7</sup>.

c. Disclosures

The following details concerning related-party agreements are published on the Company's website: [/www.legrandgroup.com/](http://www.legrandgroup.com/):

- name or company name of the person directly or indirectly interested in the agreement,
- nature of the person's relationship with the Company,
- date, and
- the financial terms and conditions of the agreement.

The disclosure should also contain any other details required to assess the benefit of the agreement for the Company and its shareholders, including minority shareholders, not directly or indirectly interested. In particular, it should state the purpose of the agreement and ratio between its cost for the Company and the Company's annual earnings in the previous year.<sup>8</sup>

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<sup>2</sup> Legrand refers to the definition of an indirectly interested person provided in Proposal 4.2 of the AMF Recommendation.

<sup>3</sup> According to the CNCC report "*Les conventions réglementées et courantes*" study on related-party and ordinary agreements published in February 2014, an indirect interest may be of a financial or non-financial nature.

<sup>4</sup> Article L. 225-38 of the French Commercial Code.

<sup>5</sup> Article L. 225-40 para. 2 of the French Commercial Code.

<sup>6</sup> Article L. 225-40 of the French Commercial Code and Recommendation no. 20 of the Afep-Medef Code.

<sup>7</sup> In its new wording pursuant to the Pacte Law, article L. 225-40 of the French Commercial Code no longer contains the requirement for the shares to be removed from the quorum calculation.

<sup>8</sup> Annual earnings should be interpreted here as the earnings shown in the financial statements for the financial year prior to the agreement being entered into.

This information should be published no later than by the date on which the agreement is entered into and remain accessible until the date of the Shareholders' Meeting called to approve the relevant agreement.

## 1.2 Agreements concerning ordinary arm's length transactions

### a) Definition

Agreements concerning ordinary arm's length transactions—also referred to as “non-regulated agreements”—are governed by article L. 225-39 of the French Commercial Code.

According to the article, the following agreements may be classified as non-regulated:

- **Intercompany agreements** between the Company and one of its direct or indirect wholly-owned subsidiaries<sup>9</sup>.  
Legrand's opinion is that full ownership of intermediary companies does not need to be established for indirect ownership to exist. Control over these companies is the crux of the issue<sup>10</sup>, provided no agreement has been entered into with an intermediary subsidiary.
- **Agreements concerning (a) ordinary (b) arm's length transactions**
  - An “**ordinary transaction**” is a transaction normally performed by the Company in the normal course of its business (repeatedly). Other criteria are also considered when determining whether a transaction is classified as ordinary, including its legal importance and its business implications<sup>11</sup>. In practice, where the relevant transaction appears to be isolated or material in terms of its internal implications, it is unlikely to be classified as an ordinary transaction.
  - An “**arm's length transaction**” is a transaction entered into on terms that are (i) normally agreed by the Company (such that the interested party does not procure a benefit from the transaction that it would not have gained had it been a standard supplier or customer of the Company) and (ii) generally available in the same sector of activity for the same type of transaction.  
For example, terms may be considered unusual if the agreement under consideration contains preferential terms (exclusivity clause, special terms not agreed with all customers, etc.) or if the business aspects of the agreement under consideration are not similar to those normally agreed with third parties.

### b) No authorization or approval

Unlike the arrangements for related-party agreements, agreements concerning ordinary arm's length transactions do not require prior authorization by the Board of Directors or retrospective ratification by the Shareholders' Meeting<sup>12</sup>.

### c) Procedure for assessing non-regulated agreements

As well as having to comply with the arrangements in this Charter, agreements concerning ordinary arm's length transactions undergo an assessment procedure determined by the Board of Directors to ensure that agreements classified as non-regulated actually fulfill these criteria.

This procedure is set out below.<sup>13</sup>

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<sup>9</sup> After deducting the minimum number of shares necessary to satisfy the statutory requirements.

<sup>10</sup> Opinion no. 14-061 of the ANSA [French association of listed companies] Legal Committee dated November 5, 2014. More generally, Legrand refers to the same ANSA opinion when assessing “indirect ownership”.

<sup>11</sup> “*Les conventions réglementées et courantes*” study on related-party and ordinary agreements published by the CNCC in February 2014.

<sup>12</sup> Article L. 225-39 of the French Commercial Code.

<sup>13</sup> See Part II of this Charter.

d) Disclosures

Pursuant to article L. 225-39 of the French Commercial Code, details of ordinary arm's length agreements entered into at arm's length by the Company are not disclosed on the Company's website as is required for related-party agreements.

Conversely, a description of the regular assessment procedure making sure that agreements concerning ordinary arm's length transactions actually fulfill these criteria is published in the corporate governance report. In addition, the procedure is made available to the public on the Company's website: [/www.legrandgroup.com/](http://www.legrandgroup.com/).

**1.3 Prohibited agreements**

Pursuant to article L. 225-43 of the French Commercial Code, the following agreements between the Company and the directors other than legal entities are prohibited:

- **Loan agreement, current account overdraft or of any other type, and any security deposit or endorsement of commitments to third parties.**

The same ban applies to the Chief Executive Officer, the Chief Operating Officers and the permanent representatives of legal entities appointed as directors. It also applies to the spouses, ascendants and descendants of the aforementioned individuals, and to any intermediary.

## 2. Procedure for reviewing related-party agreements entered into by Legrand<sup>14</sup>

<b>INTERNAL PROCEDURE FOR REVIEWING RELATED-PARTY AGREEMENTS</b>	
<b>STAGE 1: PRIOR AUTHORIZATION OF THE BOARD OF DIRECTORS</b>	
1. Prior Board authorization with supporting explanations	<ul style="list-style-type: none"> <li>❖ The management team should make a presentation to the Board of Directors for prior authorization every time a related-party agreement is entered into, amended, renewed (including by tacit agreement) or terminated.</li> <li>❖ Every agreement submitted for Board approval should be discussed separately.</li> <li>❖ For each agreement and for each decision made, the Board should provide a reasoned explanation of the benefit the agreement provides for the Company with regard to its financial terms and conditions.</li> <li>❖ These supporting explanations are sent to the Statutory Auditors, who include them in their special report.</li> </ul> <p><b><u>Points to note:</u></b></p> <ul style="list-style-type: none"> <li>• Should the Board of Directors fail to explain its decision, the Company’s Statutory Auditors may flag up this irregularity in their special report and inform the AMF.<sup>15</sup></li> <li>• Directors who are directly or indirectly interested or may be so should not take part in the discussions or voting. Likewise, a director should not take part in the voting concerning a related-party agreement in which a shareholder has an interest, where the director’s relationship with such shareholder puts or potentially puts him/her in a conflict of interest.</li> </ul>
2. Appointment of an independent expert	<ul style="list-style-type: none"> <li>❖ Pursuant to proposal no. 4.6 of the AMF Recommendation, the Company undertakes to appoint an independent expert where entering into a related-party agreement may have a material impact on the Company’s and/or Group’s balance sheet or results.</li> </ul> <p><b><u>Points to note:</u></b></p> <ul style="list-style-type: none"> <li>• The appraisal should be sent to the Statutory Auditors, who refer to it in their special report.</li> <li>• The appraisal should be publicly available unless doing so would be prejudicial to business secrets.</li> </ul>

<sup>14</sup> Legrand refers to the CNCC [French Society of Statutory Auditors] guide for any issue related to interpretation of the concepts arising in this Procedure.

<sup>15</sup> Article L. 823-12 of the French Commercial Code and article L. 621-22 of the French Monetary and Financial Code apply to the obligation to provide reasoned explanations in connection with the discussion of related-party agreements.

<p>3. Publication of information</p>	<ul style="list-style-type: none"> <li>❖ The Board of Directors should ensure that the information listed in point I.1) c. of the Charter is published on the Company's website<sup>16</sup> after authorizing a related-party agreement to be entered into.</li> <li>❖ This information should be published <u>no later than by the date on which the agreement is entered into</u> and remain available until the date of the Shareholders' Meeting called to approve the agreement.</li> </ul> <p><b>Point to note:</b></p> <ul style="list-style-type: none"> <li>• If the related-party agreement binds the Company for several years, the information should remain online for the whole period for which the agreement appears in the special report of the Statutory Auditors presented to the Shareholders' Meeting.</li> </ul>
<p><b>STAGE 2: RETROSPECTIVE RATIFICATION BY A SHAREHOLDERS' MEETING</b></p>	
<p>4. Approval of the agreement by the Shareholders' Meeting</p>	<ul style="list-style-type: none"> <li>❖ Related-party agreements previously authorized by the Board are submitted for approval by the Shareholders' Meeting called to approve the financial statements.</li> <li>❖ No shareholder directly or indirectly interested in the agreement may take part in voting, and their shares are not counted in the calculation of the majority vote required.</li> </ul> <p><b>Points to note:</b></p> <ul style="list-style-type: none"> <li>• If the related-party agreement binds the Company for several years, shareholders should be kept fully apprised of any mechanisms affecting calculation of the financial terms and conditions and adjustments thereto over time.</li> <li>• Any material related-party agreement authorized and entered into after the financial year-end should be submitted for the approval of the next Shareholders' Meeting, provided that the Statutory Auditors have had sufficient opportunity to study the agreement prior to preparation of their report.</li> </ul>
<p><b>STAGE 3: BOARD OF DIRECTORS' ANNUAL REVIEW OF THE RELATED-PARTY AGREEMENTS</b></p>	
<p>5. Annual review</p>	<ul style="list-style-type: none"> <li>❖ The Board of Directors should conduct an annual review of the related-party agreements entered into during the previous financial year or during prior financial years but still in force during the previous financial year, and/or still in force at the time of the review.</li> <li>❖ The review should cover the classification and, as appropriate, the declassification of each agreement according to the criteria laid down in law and in this Charter.</li> <li>❖ Persons directly or indirectly interested in one of the agreements should not take part in the assessment.</li> <li>❖ This annual review does not require any fresh authorization, except where the agreement is reclassified.</li> </ul>

	<p><b><u>Points to note:</u></b></p> <ul style="list-style-type: none"><li>• The annual review is reported in the management report included in the Company’s Universal Registration Document. It should disclose the following details:<ul style="list-style-type: none"><li>- for any agreement binding the Company for several financial years: the rules for calculating and adjusting the financial terms over time,</li><li>- for any agreement subject to a substantive amendment: the circumstances in which this substantive change arose, and</li><li>- any agreement that the Board considers as no longer satisfying the criteria for classification as a related-party agreement based on the change in circumstances.</li></ul></li></ul>
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**Examples:**

By way of an illustration, the Company and, more generally, the Legrand group, classifies or has classified the following as related-party agreements:

- Debt forgiveness agreements, subsidies and interest-free loans;
- A guarantee remuneration agreement where (i) a guarantee is given by a parent company to a third party for the benefit of one of its non-wholly-owned subsidiaries, and where (ii) the company that has received the benefit of the guarantee paid fees to the parent company charges that are not aligned with standard market practice for the guarantee provided;
- Assumption by a parent company of the cost of environmental damage caused by its subsidiary;
- A treasury agreement with the waiver of interest.

The list above was drawn up based on agreements entered into within the Legrand group, and more examples will be added to reflect practices observed. That said, no related-party agreements were in force at the date on which this procedure was updated.

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<sup>16</sup> A list of the information for publication is provided in point I.1) c. above of the Charter.

### 3. Procedure for assessing “non-regulated” ordinary arm’s length transactions entered into by Legrand<sup>17</sup>

<b>PROCEDURE FOR ASSESSING NON-REGULATED AGREEMENTS</b>	
<b>STAGE 1: INTRODUCING THE PROCEDURE FOR ASSESSING NON-REGULATED AGREEMENTS</b>	
1. Introduction of the procedure by the Board of Directors	<ul style="list-style-type: none"> <li>❖ The Board of Directors should introduce the procedure and arrangements for assessing the Company’s non-regulated agreements. This procedure ties in closely with the Charter.</li> <li>❖ The Board ensures that the procedure is observed and that it provides assurance from time to time that transactions entered into in the previous financial year, those remaining in force for several financial years, and those amended have been appropriately classified as non-regulated.</li> </ul>
<b>STAGE 2: INTERNAL COMMUNICATION WITH OPERATIONAL MANAGEMENT</b>	
2. Raising awareness of the Charter and the procedure within the Company	<ul style="list-style-type: none"> <li>❖ Operational management enters into the transactions covered by non-regulated agreements.</li> <li>❖ Accordingly, operational management should be informed of the practical arrangements for the Charter and the procedure so that it can identify non-regulated agreements.</li> <li>❖ Operational management should also be made aware of the criteria adopted and the illustrative examples provided in the Charter and procedure for classifying an agreement as being non-regulated and for making the distinction with other categories of agreements so that it can be certain that the agreement was indeed entered into at arm’s length.</li> <li>❖ Where appropriate, operational management is encouraged to call upon the requisite legal, financial and technical expertise to establish the “ordinary” nature of the agreement. The matter may be referred to the Ad Hoc Committee mentioned below, where appropriate.</li> </ul>

<sup>17</sup> Legrand refers to the CNCC [French Society of Statutory Auditors] guide for any issue related to interpretation of the concepts arising in this Procedure.



**STAGE 3: ANNUAL REVIEW OF THE CRITERIA FOR CLASSIFYING AGREEMENTS AS NON-REGULATED**

<p>3. Cataloging of agreements by the Ad Hoc Committee</p>	<ul style="list-style-type: none"> <li>❖ The Board of Directors should establish an Ad Hoc Committee tasked with analyzing suitability of the criteria used to classify agreements entered into by the Company as “non-regulated”. The Company’s Chief Legal Officer, Chief Financial Officer, Chief Internal Audit Officer, and any other person deemed likely to contribute effectively to its work should sit on the Committee.</li> <li>❖ Once a year prior to the approval of the financial statements for the previous financial year, the Ad Hoc Committee prepares a list of the new ordinary transactions and updates a list of ordinary transactions entered into by the Company.</li> <li>❖ The Committee performs this task using the information provided by management, which conducts all the necessary analysis and reports to it any agreements classified as non-regulated agreements that were entered into during the previous financial year.</li> </ul>
<p>4. Reviewing every year criteria for classifying agreements as non-regulated</p>	<ul style="list-style-type: none"> <li>❖ The Ad Hoc Committee conducts an annual review of the criteria for classifying the Company’s agreements as non-regulated, which involves: <ul style="list-style-type: none"> <li>- analyzing the suitability of the criteria used (based in particular on the distinction between an ordinary and a related-party agreement and their proper application within the Company)</li> <li>- updating, to reflect changing business practices, the terms and conditions under which the Company enters into its various agreements</li> <li>- detecting any anomalies potentially requiring additions to existing internal control procedures</li> <li>- submitting agreements no longer satisfying said criteria for authorization by the Board of Directors</li> <li>- making adjustments to certain internal control practices, and</li> <li>- reconsidering the classification of certain ordinary agreements (criteria applied now obsolete, loss of “ordinary” status for certain agreements).</li> </ul> </li> </ul> <p><b>Point to note:</b></p> <ul style="list-style-type: none"> <li>• Any persons directly or indirectly interested in an agreement should not take part in the assessment.</li> </ul>

<p>5. Soliciting the expertise of the Statutory Auditors and seeking assistance from the Company's other relevant departments</p>	<ul style="list-style-type: none"> <li>❖ The Ad Hoc Committee may solicit the opinion of the Company's Statutory Auditors where it is uncertain how to classify an agreement submitted for its approval.</li> <li>❖ Where considered necessary, it should also seek assistance from any other Company department useful to perform its tasks.</li> </ul>
<p>6. Informing the Board</p>	<ul style="list-style-type: none"> <li>❖ The list of the information reviewed by the Ad Hoc Committee and the results of the annual review are presented to the Board of Directors every year in conjunction with the approval of the annual financial statements.</li> </ul>

**Examples:**

By way of an illustration, the Company and, more generally, the Legrand group, classifies the following as ordinary agreements:

- Billing of an entity for human resources, IT, management, communication, finance, legal, marketing and purchasing services;
- Billing of an entity in relation to asset sales on normal market terms, except where significant assets are involved;
- Sales of securities on normal market terms;
- Transfers between an entity and one of its directors of a number of shares corresponding to the qualifying shares that should be held by company officers of the issuer of the shares being transferred;
- Cash management and/or lending/borrowing transactions where the transaction takes place at market rates;
- Facilities made available by an entity (rental of a building, secondment of staff) where service charges were billed at cost;
- Security deposits and guarantees provided by an entity to third parties (banks and suppliers) as collateral for the payment of the debts of another wholly-owned Group entity;
- A so-called "neutral" tax consolidation agreement, not only during the life of the tax consolidation, but also for the exit arrangements, and;
- More generally, any agreement with limited financial implications for all the parties and demonstrably entered into at arm's length.

The list above was drawn up based on agreements entered into on a regular basis within the Legrand group, and more examples will be added to reflect observed practices. In the meantime, the "ordinary" nature of an agreement will be assessed on a case-by-case basis, with the assistance of the Legal department and, where necessary, the Ad Hoc Committee, in tandem with the Statutory Auditors.