REGISTRATION DOCUMENT

2015

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This is a non binding free translation into English of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on March 30, 2016 and modified thereafter 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

References to the "**Group**" and "**Legrand**" are to the Company (as defined in section 9.4.1 of the present Regulation document), its consolidated subsidiaries and its minority shareholdings.

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

The Company's consolidated financial statements presented in this Registration Document for the financial years ending December 31, 2015 and December 31, 2014 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. As such, Legrand obtains data on its markets through its subsidiaries which compile information on their relevant markets on an annual basis. This information is derived from formal and informal contacts with industry professionals of the electricity sector (notably professional associations) and from building statistics and macroeconomic data. Legrand estimates its position in its markets based on the market data referred to above and on its actual sales in the relevant market.

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

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

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

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

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, the extension of the life expectancy, rapid increase in the flow of data and more generally the digitalization — major levers for the transformation of man's relationship with his environment.

These developments are also changing users' relationship with our products. We are therefore convinced that new technologies, especially digital ones, significantly increase the value-in-use of our products for users. This is why we have decided to speed up our investments in this area: innovation, acquisitions, signing of strategic partnerships, and many 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 our development can only be sustainable if it respects all of our stakeholders, I am convinced that the full ability of our operations to create value results from a combination of financial and non financial performance.

The purpose of this first integrated report is thus to present 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.

Also, this first integrated report is part of a proactive approach that draws on the International Integrated Reporting Council (IIRC).

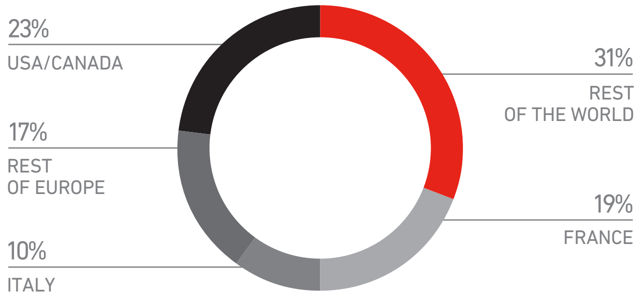
Our wish is that this document, as a complement to our other publications, provides information on our Group's capacity to fully seize opportunities in its business in a sustainable, responsible and profitable manner.

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

Legrand is the global specialist in electrical and digital building infrastructure. Its comprehensive range, suitable for the commercial, industrial, and residential segments of the low voltage market, makes Legrand a benchmark for distributors, electrical installers, product specifiers and end-users worldwide. In 2015, Legrand reported €4.8 billion in sales, of which more than two-thirds was with products that rank number 1 or number 2 on their respective markets.

Close to its markets and focused on its entire economic chain, Legrand has more than 36,000 employees as well as commercial and industrial operations in nearly 90 countries.

2015 net sales by geographical region



Sales € million

Adjusted* operating profit € 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, for impairment of goodwill.*

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

- firstly, sales and operational marketing (Front Office); and
- secondly, activities related to strategy, industrial operations (innovation, R&D, manufacturing, purchasing, logistics) as well as 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.

Legrand's Back Office is generally organized on a worldwide basis, in particular with respect to its industrial operations which are built around seven Strategic Business Units (SBUs) aligned with the Group's local market structure.

The Group benefits from solid, long-term growth levers. Geographically, around 80% of its sales are generated outside France, with the United States being the Group's highest-selling country.

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
Security
Aging
Eco-design
...

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
- Enrichment of building infrastructures

At the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes. More generally, Legrand is convinced that new technologies – especially digital – significantly increase the value-in-use of electrical and digital building infrastructure products for users. The Group has therefore decided to step up its investments in this area – innovation, with the launch the Eliot program; acquisitions with, in particular, the purchase of Raritan and QMotion; signature of strategic partnerships; participation in many technological alliances; and investment in a round of financing for Netatmo. It is within this framework that Legrand set itself ambitious targets, such as achieving double-digit average total annual growth in sales for connected products by 2020; at year-end 2015, the Group's achievements were ahead of schedule.

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-our-vision_13240.html

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

Innovation

R&D
4.6%
of 2015 sales

Over
3,700
active patents in 2015

Innovation, particularly technological innovation, as described above, which aims 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 strategic partnerships with leading players, including Samsung, La Poste and Nest.

The second growth engine is **external growth**, with targeted and self-financed acquisitions of companies that are front-runners in their markets or have proven technological expertise, and are highly complementary to the Group's business activities.

External growth

Nearly
150
companies acquired since 1954

43
acquisitions announced since 2004

The other feature of Legrand's business model is that it is self-financed. As initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity and optimal use of capital employed, thanks to the new industrial organization implemented in 2014. In total, benefits generated by this industrial transformation 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 all under control. The Group has also set the ambition of generating normalized free cash flow of between 12% and 13% of Group sales.

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, and is included, in indices including the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating, DJSI, Vigeo Euronext Eurozone 120, Vigeo Europe 120, and Ethibel Sustainability Index Excellence at the time this Registration Document was filed.

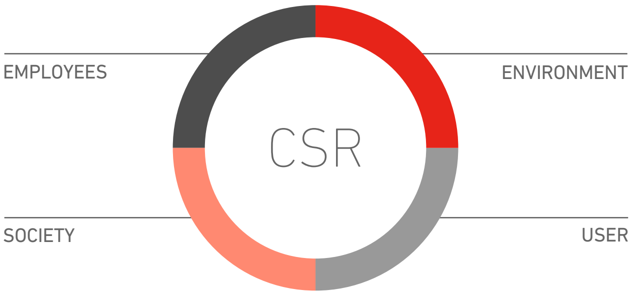
2. A CSR strategy (Corporate Social Responsibility) that drives the Group's long-term growth

CSR is an integral part of Legrand's development strategy. Its aim is the 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.

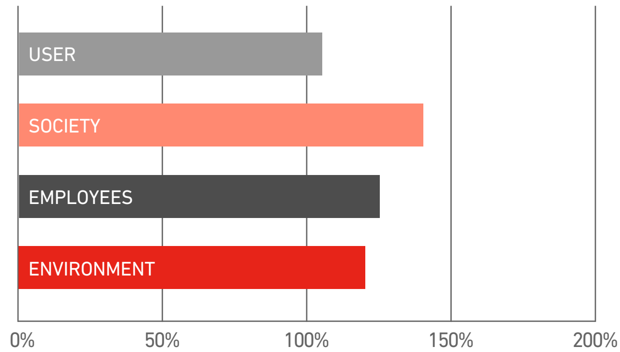
Legrand's CSR strategy is formalized in multi-year roadmaps. In 2014, Legrand published its third road map, covering the 2014-2018 period.

The roadmap outlines the 21 priorities the Group has set for itself up to 2018. The 21 priorities are broken down into four focus areas: user, society, employees and the environment.



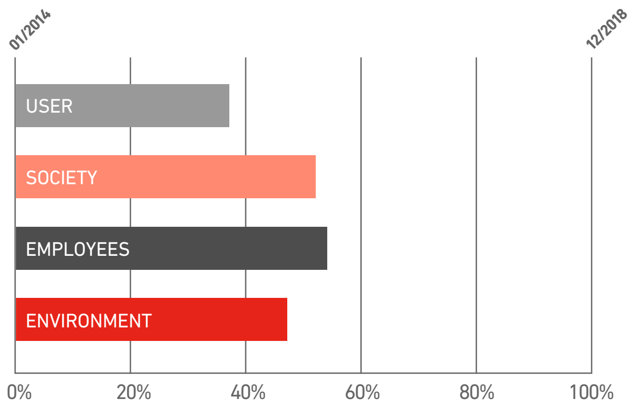
The deployment and management of the roadmap are handled jointly by the CSR Department with the heads of the SBUs and subsidiaries, and by the functional and service departments (Human Resources, Purchasing, Health and Safety, Environment, etc.) with local representatives concerned. Tracking annual indicators for these 21 priorities makes it possible to measure the Group's CSR performance. For each priority, the group undertakes to publish on an annual basis the progress status based on the indicator(s) identified. The average achievement rate for the entire roadmap, measured against targets at the end of 2015, is 120% (see chart hereafter).

2015 objectives achievement rates



Based on the 5-year trajectory defined, all focus areas are progressing at the target pace (see chart below).

2014-2018 roadmap progress achievement (as at the end of 2015)



- **Users**: Legrand places the user of its products and its needs at the center of its attention and concerns. It focuses on innovation to provide the user with sustainable solutions and drive progress within the electrical industry. In 2015, the Group continued its development in the area of assisted living, and marketing of its energy-efficient solutions resulted in the avoidance of 578,000 tons of CO_2 emissions in 2 years. It continued its policy of providing information of its products' environmental impact, with 56% of its sales being made of products with PEP (Product Environmental Profiles). 795,000 counterfeit products were confiscated and destroyed. 12 new partnerships and collaborative research projects were embarked on. More than 260,000 clients have been trained since 2014 and 92% of the Group's sales are covered by CRM tools.

- **Society**: Social responsibility applies to all the partners with which the Legrand Group interacts. This interaction takes place in accordance with ethical principles, particularly in terms of business practices and purchasing policy. In 2015, nearly 700 more people were provided training on business ethics and the deployment of the compliance program continued in more than 50 countries. 230 suppliers exposed to CSR risks have been detected, 73 action plans have been started in 8 countries covering 32% 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 2015, joint action with *Électriciens Sans Frontières* led to 310,000 people (source: the NGO *Électriciens Sans Frontières*) benefiting directly or indirectly from access to power. The Legrand Foundation has supported 16 projects since its creation.
- **Employees**: Legrand pays special attention to the working conditions of its employees and to its social responsibilities across the world, in particular respect for Human Rights. The Group is also committed to safeguarding the health and safety of all. Legrand also strives to develop the skills of each individual and to foster diversity. In 2015, 87% of the Group's workforce deemed to be exposed to potential Human Rights violations was assessed. The occupational health and safety plan and the health and safety monitoring and improvement process covered 90% of the Group's workforce, and the workplace accident frequency rate dropped by approximately 18%. 82% of employees attended one or more training courses and 88% of managers had an individual assessment interview.
- **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. At the end of 2015, 92% of industrial and logistics sites consolidated within the Group for more than five years were ISO 14001-certified. The Group's average energy intensity dropped by more than 7% between 2013 and 2015 (at current scope). 87% of waste was recovered and 84% of the Group's sales are compliant with the requirements of the RoHS regulations (sales including Group products outside the scope of the RoHS).

The Group also intends to gradually take into account the price per ton of carbon dioxide in its operational thinking, in particular in its investment decision processes.

The progress and evaluation of the 21 priorities of the roadmap are assessed using indicators deployed at two levels: local (at each Group entity) and consolidated (Group-wide). In 2015, the variable compensation of the Chairman and CEO and of most of the members of the Executive Committee is index-linked – about 10% - to overall CSR performance, in line with the priorities of the roadmap. From 2016, the Board of Directors also plans to index to overall CSR performance, which is linked to the roadmap priorities, a third of the performance criteria attached to the performance shares allocated over three years to the Chairman and CEO, to members of the Executive Committee and to key managers.

Lastly, it is worth noting that the entire approach described above is reviewed annually on a voluntary basis by one of the two Statutory Auditors in order to check the soundness and report findings as transparently as possible to all the Group's stakeholders.

3. Risk management for performance

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

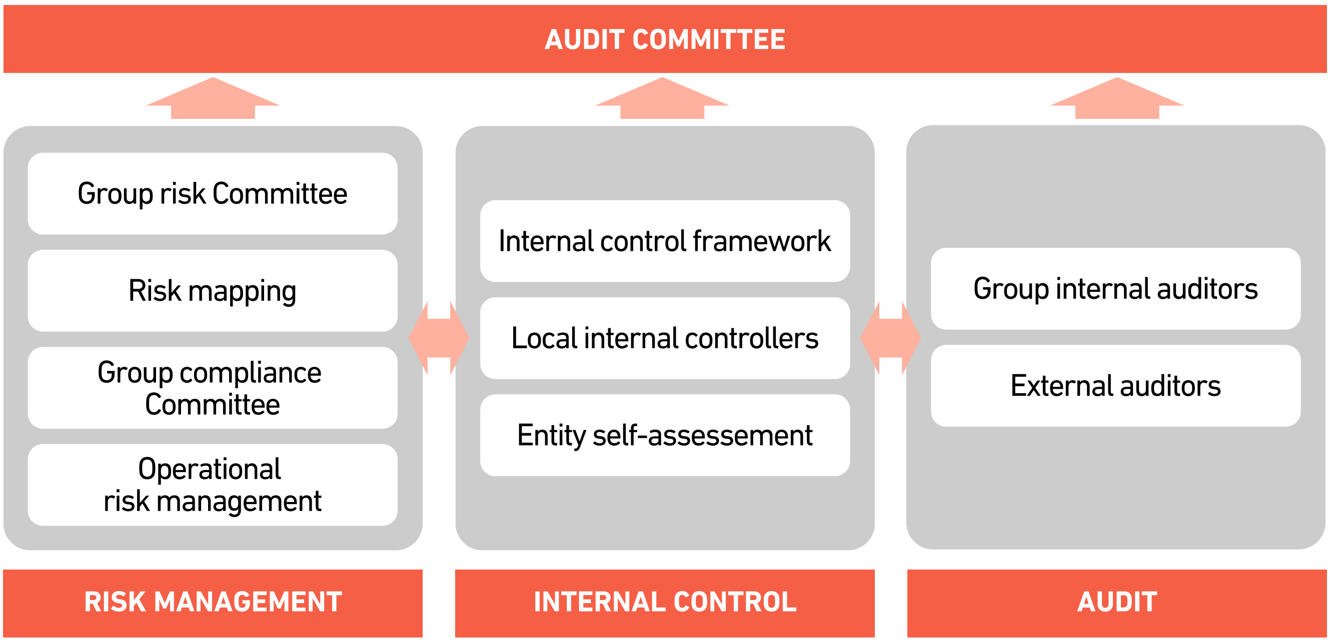
It involves managing internal and external environments linked to the Group's businesses in accordance with an acceptable risk limit. Risks are by definition dynamic and can change depending on the Group's context or operations.

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 Management, and operational risk committees in some functions. 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).

Internal control and risk management procedures are outlined in Chapter 3 of the 2015 Registration Document.



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 structured around four topics.

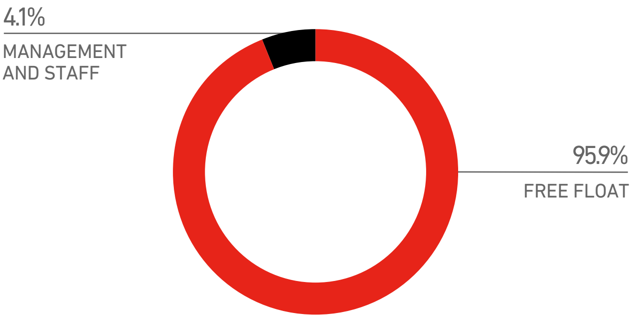
Risk factors are diverse and can be external (competition, technological developments, market turmoil, natural disaster) or internal (equipment or human failure, fraud, bad decisions, non-compliance with regulations and so on).

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 at the beginning of chapter 3 of the 2015 Group's Registration Document.

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

Share ownership



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 the powers expressly attributed to General Meetings of Shareholders and to the limitation of the corporate object, it concerns itself with all matters relating to the proper operation of the Company and settles related issues by its decisions. The Board's strategy and decisions are made within the context of the Group's sustainable development policy.

As at the date of this 2015 Registration Document, the Board was composed of ten members including the Chairman and Chief Executive Officer, the Honorary Chairman and the Lead Director.

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

	Function at Legrand	Principal function	Gender	Nationality
Gilles Schnepp	Chairman and Chief Executive Officer	Chairman and CEO, Legrand	Male	French
François Grappotte	Honorary Chairman	Companies Director	Male	French
Olivier Bazil	Director	Companies Director	Male	French
Christel Bories	Independent Director	Companies Director	Female	French
Angeles Garcia-Poveda	Lead Director Independent Director	EMEA Co-Managing Director, Spencer Stuart	Female	Spanish
Gérard Lamarche(1)	Independent Director	Managing Director, Bruxelles Lambert Group	Male	Belgian
Thierry de La Tour d'Artaise	Independent Director	Chairman and Chief Executive Officer, SEB Group	Male	French
Dongsheng Li	Independent Director	Chairman and Chief Executive Officer and founder of the TCL Corporation	Male	Chinese
Annalisa Loustau Elia	Independent Director	Chief Marketing Officer of Printemps Group and member of its Executive Committee	Female	Italian
Eliane Rouyer-Chevalier	Independent Director	Companies Director	Female	French

(1) From May 27, 2016 and subject to approval by shareholders at the General Meeting of that date, Ms. Isabelle Boccon-Gibod will replace Mr. Lamarche (please refer to page 319 of the Registration Document for more information).

Subject to the approval of the appointment of Ms. Isabelle Boccon-Gibod by the General Meeting to be held on May 27, 2016, the Board of Directors has:

- 5 women or 50% of directors;
- 7 independent directors or 70% of directors;
- 4 different nationalities.

In 2015, the Board met 6 times. Over the past 5 years, Directors' attendance rate at Board meetings was 85%.

At least once a year, an item on the agenda is devoted to reviewing the operations of the Board of Directors. This is relayed in the Company's annual report so that shareholders can be informed each year of the assessment carried out and, if applicable, any steps taken as a result. The Lead Director supervises the assessment of the Board's operation

4 SPECIALIZED COMMITTEES: BODIES FOR FURTHER EXAMINING THE BOARD'S WORK

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 Nominating and Compensation Committee having been split into two Committees in 2015 to ensure good governance):

- 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. ■ All independent members.	■ 3 members. ■ 66% of independent members.	■ 3 members. ■ 100% of independent members.	■ 4 members. ■ 50% of independent members.
■ 5 meetings during the year. ■ 100% attendance.	■ 3 meetings during the year. ■ 100% attendance (until March 18, 2015, these two Committees formed a single Committee).		■ 3 meetings during the year. ■ 83% attendance.
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; ■ Assess the balance between the Group's strategy and CSR principles; ■ Review the main findings of the independent third-party body.

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) and they reflect the story and business division of Legrand.

As of the date of filing of the 2015 Registration Document, the Executive Committee is made up of as following:

Name	Duties	Date of joining the Group
Mr Gilles Schnepp	Chairman and Chief Executive Officer	1989
Ms Karine Alquier-Caro	Executive VP Purchasing	2001
Ms Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr 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 Biticino 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

5. Solid 2015 achievements in line with targets

Legrand's 2015 financial performance is fully in line with Group targets: organic growth in sales was +0.5% (target specified in November 2015: "-1% to +1%") and adjusted operating margin before acquisitions (at 2014 scope of consolidation) was 19.4% (target specified in November 2015: "at least 19%").

With varied market conditions from one geographical region to another, Legrand once again demonstrated its capacity to create value. Thus total sales, adjusted operating profit, net income excluding minorities and free cash flow all increased, rising by close to +7%, +6%, +4% and +10%, respectively.

(in millions of euros except %)	2015	2014	2013
Net sales	**4,809.9**	**4,499.1**	**4,460.4**
Total sales growth	+6.9%	+0.9%	(0.1%)
Sales growth at constant scope of consolidation and exchange rates	+0.5%	+0.5%	+0.5%
EBITDA(1)	**1,056.4**	**1,013.0**	**1,017.8**
Maintainable EBITDA(2)	1,084.4	1,034.7	1,047.1
Adjusted operating profit(3)	**930.4**	**880.4**	**882.3**
As a percentage of sales	19.3%	19.6%	19.8%
Maintainable adjusted operating profit(2)	958.4	902.1	911.6
Net income(4)	**552.0**	**533.3**	**533.3**
As a percentage of sales	11.5%	11.9%	12.0%
***Free cash* flow**(5)	**666.0**	**607.4**	**563.2**
As a percentage of sales	13.8%	13.5%	12.6%
***Normalized free* cash flow**(6)	**617.2**	**607.5**	**588.8**
As a percentage of sales	12.8%	13.5%	13.2%
Net financial debt at December 31(7)	**802.7**	**855.6**	**967.7**

(1), (2), (3), (4), (5), (6) et (7): Please refer to chapter 5.15 of the 2015 registration document for a full list of definitions.

2015 CONSOLIDATED SALES

Total sales for 2015 stood at €4,809.9 million, up +6.9% from 2014, thanks in particular to the favorable +4.7% impact of the exchange-rate effect. Changes in the scope of consolidation added +1.5%, as announced.

At constant scope of consolidation and exchange rates, the change in sales came to +0.5%, in line with 2015 target and reflecting a change in sales of +1.4% in mature countries and -1.0% in new economies.

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

- **France**: the organic change in sales was -2.5% in 2015, in line with the underlying market trend. Renovation activity remained resilient and new construction continued to retreat. Against this backdrop, the Group nonetheless recorded good relative performances in user interface products (formerly wiring devices). More particularly, in the fourth quarter of 2015, sales benefited from strong demand from distributors, which was more marked than in the fourth quarter of 2014.
- **Italy**: sales were up +0.8% from 2014 at constant scope of consolidation and exchange rates. This trend reflects the gradual stabilization of activity in Italy observed since the end of 2014. Against this backdrop, Legrand registered good performances in digital infrastructure, cable management and modular UPS (UPS: *Uninterruptible Power Supply*).
- **Rest of Europe**: sales rose +2.0% from 2014 at constant scope of consolidation and exchange rates, thanks to healthy growth recorded in several mature countries including Spain, the United Kingdom and Germany, as well as in many new economies, among them Turkey, Poland, Romania, Hungary and the Czech Republic. Sales in Russia declined due to unfavorable economic conditions.
- **United States/Canada**: sales were up +5.0% at constant scope of consolidation and exchange rates in 2015, fueled in particular by commercial successes and inventory build-up by distributors following the launch announcement of a new GFCI (Ground Fault Circuit Interrupter). Sales in the region continue to benefit from a construction market that is doing well, with residential activity remaining favorable and the commercial

segment continuing to grow. Legrand recorded good showings in 2015 in highly energy-efficient lighting control (thanks in particular to deployment of new energy codes for buildings, including Title 24 in California) and in user interface products. As announced, the United States became the group's #1 country by sales in 2015.

- **Rest of the world**: sales declined -1.2% at constant scope of consolidation and exchange rates in 2015. Sales rose in Asia excluding China, with healthy growth in India, Malaysia and Thailand. The same was true in Latin America excluding Brazil, notably in Mexico, Peru and Colombia. Those positive changes in sales did not offset declining activity in some other countries such as China and Brazil, both affected by unfavorable economic conditions.

ADJUSTED OPERATING PROFIT AND MARGIN:

Adjusted operating profit stood at €930.4 million for full-year 2015, rising +5.7% from 2014. This reflected value creation generated by the Group that was driven in particular by a strong +38% rise in adjusted operating profit in the United States/ Canada region (total sales in the region grew by +31%).

Adjusted operating margin before acquisitions (at 2014 scope of consolidation) came to 19.4% of sales, in line with the 2015 target confirmed and specified in November 2015 as "at least 19.0%".

When compared with the 2014 performance (19.6%), the -0.2 point change in adjusted operating margin before acquisitions (at 2014 scope of consolidation) can be explained as follows:

- +0.2 point from inventory build-up of manufactured goods;
- -0.2 point corresponding to a mix effect, primarily due to strong growth in the United States/Canada region—driven mainly by a very marked positive exchange-rate effect—where profitability remains slightly below the group average, although improving steadily; and
- -0.2 point linked to other factors including expenses linked to the implementation of productivity and restructuring initiatives.

Taking acquisitions into account, the Group's adjusted operating margin came to 19.3% of sales for full-year 2015.

6. Outlook[1]

In an uncertain global context, Legrand is benefiting from its favorable positioning thanks to its limited presence both in the new economies most affected by economic slowdown and in the oil and gas industry. Moreover, the construction market may have bottomed out in some mature countries in Europe; it should also remain upbeat in some other countries such as the United States. Yet for 2016, macroeconomic projections have recently become more cautious and some new economies may continue to be affected by unfavorable economic conditions.

Against this backdrop, Legrand is targeting a 2016 organic change in sales of between -2% and +2%. The Group has also set a target for adjusted operating margin before acquisitions (at 2015 scope of consolidation) of between 18.5% and 19.5% of sales in 2016.

Legrand will also pursue its strategy of value-creating acquisitions.

(1) 2016 targets announced on February 11, 2016 when releasing 2015 full-year results.

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. Its comprehensive range, suitable for the commercial, industrial, and residential segments of the low-voltage market, makes Legrand a benchmark for distributors, electrical installers, product specifiers and end-users worldwide. In 2015 Legrand generated sales of over €4.8 billion, of which more than two-thirds was with products that rank number 1 or number 2 on their respective markets.

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 over 36,000 employees and commercial and industrial operations in nearly 90 countries.

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

- firstly, sales and operational marketing (Front Office);
- secondly, activities linked to strategy, industrial 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. Legrand's Back Office is generally organized on a worldwide basis, particularly with regard to its industrial operations, which are built around seven Strategic Business Units (SBUs) aligned with the Group's local market structure.

The Group benefits from solid, long-term growth levers. Geographically, around 80% of its sales are generated outside France, with the United States being the Group's highest-selling country. 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. 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 – especially digital – significantly increase the value-in-use of electrical and digital building infrastructure products for users. The Group has therefore decided to step up its investments in this area – innovation, with the launch the Eliot program; acquisitions with, in particular, the purchase of Raritan and QMotion; signature of strategic partnerships; participation in many technological alliances; and investment in a round of financing for Netatmo. It is within this framework that Legrand set itself ambitious targets, such as achieving double-digit average total annual growth in sales for connected products by 2020; at year-end 2015, the Group's achievements were ahead of schedule.

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

The second growth engine is external growth, with targeted and self-financed acquisitions of companies that are front-runners in their markets or have proven technological expertise and are highly complementary to the Group's business activities.

The other feature of Legrand's business model is that it is self-financed. As initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity and optimal use of capital employed, thanks to the new industrial organization implemented in 2014. In total, benefits generated by this industrial transformation 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 all under control. The Group has also set the ambition of generating normalized free cash flow of between 12% and 13% of Group sales.

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

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

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 and is included, in particular, in the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating DJSI, Vigeo Euronext Eurozone 120 and Europe 120 indices, as well as the Ethibel Sustainability Index Excellence, at the time this Registration Document was filed.

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

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

Over the last 10 years, as a result of ongoing innovation efforts complemented by 10 acquisitions, the Group has almost doubled its sales in this region to stand at over €1.1 billion in 2015, thereby strengthening its leadership positions (particularly in cable management, highly energy-efficient lighting control, audio/video enclosures, pre-terminated solutions for audio-video networks and voice-data-image and structured cabling for residential buildings). In 2015 the United States became the Group's number 1 country by sales.

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 developed.

The Group sells its products in more than 120 new economies and has a commercial and/or industrial presence in over half of them. This expansion is evenly spread, with new economies representing around 36% of the Group's sales at December 31, 2015 (compared with 38% in 2014) and the most significant country being India, which accounts for 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:

- launch of the Eliot program, aimed at speeding up deployment of the Internet of Things in the Group's offering. As part of this program, Legrand set ambitious targets that include achieving double-digit average annual growth in sales for connected products by 2020 and doubling the number of its connected product families from 20 in 2014 to 40 in 2020. At year-end 2015, results were ahead of schedule in the development plan, with nearly +34% total growth in sales of connected products and a total of 23 families of connected products;
- an increasing share of R&D investments assigned to new technologies, demonstrated, for example, by the rise of more than 50% in the resources allocated to software and firmware development between 2010 and 2015. More generally, close to 39% of R&D staff are dedicated to electronics, softwares and digital offerings;
- signature of collaborative agreements and strategic partnerships with players including Nest (to use the Nest Weave communications protocol in Legrand's connected offering); La Poste (with a view to making Legrand's connected products compatible with the Digital Hub provided by La Poste); and Samsung (to develop offerings that improve hotel room management and comfort). Legrand thus intends to develop connected and interoperable solutions, bringing lasting benefits to individual users and professionals alike;
- investment in a round of financing for Netatmo, strengthening Legrand's ties to the Internet of Things' ecosystem in buildings, and to related leading trends;
- participation in many technology alliances including Allseen Alliance, ZigBee Alliance, BACnet International and Confluens; and
- participation in the Las Vegas Consumer Electronics Show (CES) in January 2016 for the second year running. Legrand was present at three booths (Allseen Alliance, ZigBee Alliance

and La Poste), testifying to the scope of its know-how in interoperability with innovative, connected solutions that deliver lasting benefits to users.

Legrand also decided to focus a significant share of its external growth on raising its profile in the most promising technological areas. As such, in the past three years it has acquired:

- Aegide (leading supplier of VDI cabinets for datacenters in the Netherlands and a front-running European contender in this market) and Raritan (North American frontrunner in intelligent PDUs[(1)] and KVM[(2)] switches), in datacenter segment;
- Neat (Spanish market leader and a major European player in assisted living) and Tynetec (frontrunner in assisted living in the United Kingdom), in assisted living;
- Nuvo (specialist in multi-room audio systems in the U.S.) and QMotion (U.S. specialist in natural light control for residential buildings), in home systems;
- 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 requirements, particularly linked to the development of new technologies (see section 2.1.1.2.2 of this Registration Document for more details), digital infrastructure, home systems, energy efficiency and assisted living are continuing to grow. Over the past 10 years, the share of new business segments in the Group's sales has almost tripled to represent more than 30% 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 appliances individually – increasing the needs in terms of the building's electrical infrastructure – but also allow interactive management of all internal functions within the home, such as monitoring energy consumption, comfort, security, and audio and video distribution.

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

In addition, thanks to its flexibility, ease of installation and highly ventilated structure, which enables better cable cooling, wire-mesh cable management is widely used in datacenters. The Group offers a full range of cable management 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* system and *LCS*[2] VDI solutions, offering simplified installation and guaranteeing optimal network performance, and the *Digital Lighting Management* range for optimized lighting management through a digital network.

Energy efficiency

Buildings currently account for around 40% of total worldwide energy consumption[(3)].

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 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

(1) PDU: Power Distribution Unit.

(2) A KVM switch enables users to control multiple computers from a single Keyboard, Video and Mouse console.

(3) Source: International Energy Agency.

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 three frontrunners in this field:

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

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

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

As far as e-commerce is concerned, it is a formidable showcase for the Group's know-how, enabling end-users or project owners (architects and engineering offices) to gain a complete picture of the wide variety of Legrand's offerings, both in terms of functionalities and finishes. Legrand believes that the bulk of its product sales made through e-commerce will be recorded by generalist distributors, which remain the Group's 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 products, nearly 230,000 catalog items, are subject to quality and safety controls and regulations. They are mostly regulated by national standards, and even international standards for some of them.

Since Legrand's business is essentially local, *i.e.* country-specific, its financial reporting and performance management are organized into five geographical areas. However, to continue improving its competitiveness, Legrand has a global industrial back-office organization. Since 2014, this has been built around seven Strategic Business Units (SBUs) (see section 2.3.2 for more details), aligned with the Group's local market structure:

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

These product categories are sold in most of Legrand's major geographical markets, each country having its own technical specifications and norms. In addition, the technical features and 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 (ex. Wiring devices SBU)

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

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

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

User interface ranges can include up to 200 functions (switches and sockets 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 automated or remote-controlled products that allow end-users to control electricity and data flows;
- security systems, including emergency lighting, alarms and access control systems (such as audio and video entry phones) for residential and commercial buildings. These security systems are designed to enable rapid set-up by electrical installers, and to offer maximum flexibility, convenience and security to end-users;
- dedicated assisted-living systems.

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

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

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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, lampholders, 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, a 8,000 m² 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 the market leader *TCL*; the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on Euronext Paris; Legrand joins the Global Compact;
- 2007: the Group's total sales exceed €4 billion;
- 2010: first issue of Eurobonds for €300 million, maturing in 2017; entry into the UPS segment with the acquisition of *Inform* in Turkey;
- 2011: 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.

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 engines to strengthen its leadership positions worldwide year after year: innovation to fuel its organic growth, and a strategy of targeted acquisitions of leading players in its accessible market. Thanks to the soundness of its 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 nearly 90 countries through subsidiaries, branches and representative offices, has enabled the Group to acquire unique technical and commercial expertise across its entire business sector.

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

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

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

Total sales generated by Legrand with products that are number 1 or number 2 in their respective markets accounted for over two-thirds of Group sales in 2015, as in 2014. 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 nearly 230,000 different products organized into more than 80 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 50 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* and *Minkels*;
- in the United States and Canada, *Legrand*, *C2G*, *Middle Atlantic Products*, *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 48% of its sales were generated by the renovation market in 2015, while the new-build market accounted for around 52% 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 50% of its 2015 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 (43% of its 2015 sales); and the industrial sector (7% of its 2015 sales), each of which has its own growth momentum;
- the market is characterized by a business flow fueled by a high level of relatively low-value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;
- in addition, certain businesses, such as new business segments (digital infrastructure, energy efficiency, home systems and assisted living), are driven more by technological, social and societal developments than by the construction market;
- finally, a highly diversified geographical presence limits the Group's dependence on the specific economic performance of one or several countries. In fact, Legrand has commercial and industrial operations in nearly 90 countries, and markets a wide range of products in close to 180 countries.

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

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

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2.2.2 - A development driven by two growth engines

Legrand is constantly seeking to develop its market share and sales on a profitable basis by relying on two self-financed growth engines: organic growth, which is driven in particular by innovation and the regular launch of new products 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

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

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

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- 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; and controls incorporating communication technologies such as Zigbee. Legrand is also continuing to develop its connected product offering and launched new products with connected functions, as part of the Eliot initiative, such as the Valena Life user interface range in Europe and, on international markets, Driver Manager, a gateway that ensures interoperability between the *My Home* range of home systems and systems made by other manufacturers.

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 (SBUs), which decide on a global scale on the allocation of projects to the various teams spread around the world. They are assisted in their task by the Innovation and Systems department, whose role is to promote and coordinate the innovation approach within the Group, to define the technology roadmap, and to ensure consistency between the technologies used by the different SBUs (see section 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, 2015, more than 2,100 employees in around 18 countries were employed in research and development, 30% of them in new economies.

More generally, close to 39% of R&D staff are dedicated to electronics, softwares and digital offerings in 2015.

This global organizational structure enables the Group to optimize its research and development by designing products that share

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

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 3,700 active patents in over 70 countries, some of which relate to the protection of the same or similar technologies in several markets. Legrand considers that its level of dependence on third-party patents is not material to the assessment of its business development prospects.

The Group's patents cover close to 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, opening "project stores" in France in 2014 and 2015. 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

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

2.2.2.2.1 A fragmented market

The Group's accessible market, which Legrand estimates to be worth around €90 billion, compared with around €50 billion a decade ago, remains highly fragmented. Around 50% of global sales are generated by small- and medium-sized companies, which are often local and typically enjoy only a marginal share of the global market. With an accessible global market share of over 5% in 2015, 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.

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

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

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

(1) Near Field Communication.

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 150 companies into its scope of consolidation since 1954.

2.2.2.2.3 Financial discipline

The rate of acquisitions takes account of the economic environment.

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

- increase its local market share; and/or
- expand its product range and technology portfolio; and/or
- boost its presence 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 Legrand invests 4 to 5% of its revenue in research and development every year, and provides a steady flow of new products offering new designs and functionalities and satisfying customer expectations. By continually building more 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 6 and 7% for a residential project, for example). Similarly, because labor represents a significant cost component for installers, they are on the lookout for the best 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 the innovation that Legrand's products bring to the market into prices. They also adjust the prices for each product category or even individual product, taking into account trends in raw material and component prices, the Group's overall inflation, and market conditions. More generally, all the Group's management and finance staff have been trained on, and made aware of, price management. On a historical basis, Legrand's average selling prices have increased every year over the last 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. By adopting industry best practice in its production facilities and applying the concepts of product platforms and technological bricks (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 Goup'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 all 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 mainly with strong commercial positions (more than two-thirds of sales are generated from number one or number two positions) enables the Group to generate a high level of profitability while consolidating, year after year, new acquisitions where profit margins are lower than the Group's. In less buoyant economic conditions, which prevent the Group from benefiting from the growth-related operational leverage, Legrand implements active and differentiated management of its business to keep profitability under control.

The Group's adjusted operating margin thus amounted to 16% on average between 2003 and 2009, and nearly 20% between 2010 and 2015.

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 thus equates to more than 13% of sales over the past decade. This gives the Group significant financial and operational flexibility, enabling it to self-finance 100% of its business development.

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

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

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

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. Second, net economic profit after tax (NEPAT), defined as adjusted operating profit less the cost of capital employed and after accounting for taxation. 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 2015 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 future performance units, for example (see section 6.2.1.1 of this Registration Document), with payment in cash or in performance shares. This scheme, which depends on future performance conditions has a maturity of four or five years, 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 4.05% of the Company's share capital as at December 31, 2015.

Long-term "value creation"

During the period 2006-2015, the Group's capital employed[1] only increased by about 3% per year, while basic earnings per share rose by over 8% per year over the same period.

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

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

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

(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.*

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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

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 2015. 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 under the responsibility of the Front Office, whose headcount accounted for 19% of Legrand's total headcount in 2015 (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 enables 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 2015, sales to Sonepar and Rexel accounted for approximately 22% 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 2015. Legrand's other major customers include CED, Partelec, SOCODA, Comet, FinDea, Sacchi, Graybar, Wesco, Home Depot, Anixter, Lowe's and Bunnings.

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

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

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

Legrand offers training programs to local distributors and electrical installers, including at its Innoval international training centers in Limoges, Lyon and Paris, France, as well as in the Middle East and South America. In total, 15 training centers around the world welcome and train actors of 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 2015, the Innoval centers received 4,000 visits from customers, while nearly 6,100 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. Worldwide, on a cumulated basis in 2014 and 2015, over 260,000 customers received training.

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; 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 2015 the Group's websites generated almost 96 million page views, while Legrand's YouTube videos have been viewed over 20 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 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 technological bricks (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 technological bricks 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 practice at production facilities to optimize productivity and capital employed.

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

INNOVATION AND SYSTEMS

The role of the Innovation and Systems department is:

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

PURCHASING

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

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

This organizational structure has optimized purchasing by:

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

LOGISTICS AND SUPPLY CHAIN

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

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

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

This approach is based on dedicated tools and processes:

- distribution sites are connected to a central Distribution Resource Planning (DRP) tool. Every night, this records the inventories and forecasts of each subsidiary, as well as local customer orders, in order to schedule procurement at the global level and thus optimize finished product inventory levels;
- industrial facilities use powerful planning tools based on the Manufacturing Resource Planning concept. This means organizing workload schedules and procurement plans to better balance requirements and resources;
- 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 2015, 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 2015, 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 2014 and 2015 financial years:

(% of consolidated sales)	2015	2014
Commodity derivatives	9.7%	9.6%
Components	23.1%	23.1%
TOTAL	**32.8%**	**32.7%**

2.4.2 - Property, plant and equipment

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

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	194	Headquarters/Manufacturing/ Distribution/Administrative services/ Storage	Limoges and its region
Other French sites	270	Manufacturing/Administrative services/Distribution	Malaunay, Fontaine-le-bourg, Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont à Mousson, 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	30	Manufacturing/Distribution/ Administrative services/Storage	Scarborough, West Bromwich, Consett and Blyth
Spain			
Legrand España	30	Manufacturing/Distribution/ Administrative services/Storage	Madrid, Barcelona and Pamplona
Poland			
Legrand Polska	34	Manufacturing/Distribution/ Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	30	Manufacturing/Distribution/ Administrative services/Storage	Szentes

Site or subsidiary	Size (in thousands m²)	Principal use	Location
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/ Administrative services/Storage	Soest
United States and Canada			
The Wiremold Company, Ortronics Inc., Pass & Seymour Inc., Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack, Nuvo, Lastar, Raritan	208	Manufacturing/Distribution/ Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Fort Mill, Fairfield, Anaheim, Hickory, Dayton, Somerset
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	40	Manufacturing/Distribution/ Administrative services/Storage	Sydney and Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS and Adlec Power	105	Manufacturing/Distribution/ Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry and Jhajjar
Malaysia			
Megapower, SJ Manufacturing	16	Manufacturing/Administrative services/Storage	Seri Kembangan, Shah Alam
Netherlands			
Legrand Nederland and Aegide	40	Manufacturing/Administrative services/Storage	Boxtel and Veghel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/ Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap and Inform	46	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 5.3.2.9 of this Registration Document for more information on business trends by geographical 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 geographical area and by category (Front Office and Back Office).

Starting January 1, 2016, the United States/Canada region will become the North and Central America region and will comprise 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 (home systems), Lutron (lighting control), Obo Bettermann and Niedax (cable management), Panduit (VDI and cable management), Tyco (CCTV) and Emerson (UPS); and
- multi-specialist companies like Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada, and Chint in China.

RISK FACTORS

03

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

All of the risks and threats identified are analyzed on a regular basis as part of the risk management process outlined in the report by the Chairman of the Board of Directors on corporate governance, risk management and internal controls (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
Technology breakthrough and digital transformation	■ *Chief Digital Officer* (digital strategy) ■ Innovation and Systems team ■ Eliot program ■ Cross-functional innovations program ■ 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 ■ Occasional recourse to experts ■ Use of world-renowned consulting firms
Operational risk	
Product quality and safety	■ Quality policy ■ Customer dissatisfaction management process ■ Satisfaction surveys ■ Product recall management procedure
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
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 under specific contractual clauses
Cost of raw materials and components	■ Market surveillance ■ Consolidated purchasing ■ Sensitivity analysis on the cost of raw materials
Talent and skills	■ Talent management process ■ Incentives and retention mechanisms for key employees ■ Onboarding for new employees ■ Monitoring of quantitative and qualitative *indicators* via dedicated reporting

Risk factors	Structural risk reduction criteria and key measures taken
IT systems security and continuity	■ IT security guidelines ■ Infrastructure and applications investment and maintenance ■ Control system in place to guarantee continuity ■ IT system security audits
Reputational and compliance risk	
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 ■ "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 ■ Integration of new acquisitions within one to three years
Internal control weaknesses and/or 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 counterparty ratings
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
Customer credit risk	■ Specific reporting on outstanding customer receivables ■ Credit risk insurance scheme
Risks related to litigation	■ Review of material legal proceedings

3.1 - STRATEGIC RISK

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 residential and commercial 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.

Finally, to anticipate these risks, the Group keeps a close eye on business trends and on profitability, working closely with its local managers (see section 2.2.3.3 of this Registration Document).

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, as the market for the Group's products evolves towards systems that combine traditional equipment and computerized systems, increased competition from new market entrants could lead to a decline in the Group's sales, a loss of market share or an increase in the Group's costs due to sales and marketing expenses or additional research and development costs for the markets and products in question.

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

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.)

Technology breakthrough 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 such new challenges, the Group appointed a Chief Digital Officer in 2015 and launched the Eliot program[1] to speed up the deployment of its connected devices offering.

(1) Eliot is the name of the program launched by Legrand in 2015 to speed up the deployment of its connected devices offering. The purpose of the program, which was spawned by the Group's innovation strategy, is to develop connected and interoperable solutions for the long-term benefit of both private and professional users.

In addition, an Innovation and Systems department, working cross-functionally with the various Strategic Business Units (SBUs), monitors technology trends to define the Group's strategic objectives in this regard, particularly in terms of innovation. (See chapter 2.)

Each Strategic Business Unit analyzes products, technologies and the Group's markets on an ongoing basis. SBU-led projects (energy saving, interoperability, connected solutions, and so on) are underpinned by a cross-disciplinary program organized around six key themes. Research and development expenditure accounts for between 4% and 5% of the Group's sales each year and the portion dedicated to 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.

Acquisitions

The Group's growth strategy, in consistency with the guidance's given by the Strategy and Social Responsibility Committee and the Board of Directors, relies in part on the acquisition of local manufacturers that provide new technologies, new product lines, access to new markets and/or synergies with Legrand's existing operations. Legrand may not be able to 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 2015. The criteria for goodwill impairment tests are described in the same note, which also contains a sensitivity analysis of the main criteria.

Intellectual property

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

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

To minimize this risk, Legrand pays particular attention to defending its intellectual property, and relies on a dedicated team at its Sustainable Development and Strategic Processes Division. This team monitors patents, designs, trademarks and domain names and takes joint action with other major market players in professional organizations such as Gimélec, IGNES, and ASEC.

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

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

A net total of €1,668 million in trademarks and patents was recognized in assets at December 31, 2015, compared with €1,677.1 million at December 31, 2014.

3.2 - OPERATIONAL RISK

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 production conformity and quality monitoring plans.

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 2015, 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 risks totaled €18.8 million at December 31, 2015, compared with €17.6 million at December 31, 2014.

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 logistics risk prevention policy, comprising in particular business continuity and/or crisis management plans for the most strategic sites, should allow critical functions to be resumed within a reasonable time frame. As part of this policy, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire prevention installations and takes any action deemed necessary. In 2015, 53 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).

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 15%, Italy 15%, Rest of Europe 15%, United States/Canada 18%, Rest of World 37%) is not assessed 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 top ten suppliers accounted for approximately 6% of total consumption (raw materials and components) in 2015 (versus 8% in 2014), 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 5.3.2 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 risk for the Group are identified and dedicated action plans drawn up (more stringent contracts, back-up inventory, alternative suppliers, etc.).

Since 2012, Legrand has had "Responsible Supplier Relations" accreditation, awarded to French companies demonstrating sustainable and balanced relations with their suppliers. The accreditation is granted for a three-year period 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.

Cost of raw material and components

Legrand is exposed to the risk of an increase in the price of raw materials, primarily plastics, metals 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-purpose committees, and purchase price effects are reported monthly by producing entities and shared with sales units for adjustment where necessary.

In 2015, component and raw material purchasing represented 40% of cost of sales, being €1,580 million. The sensitivity analysis on the price of raw materials, carried out regularly, is discussed in note 5.1.2.3 to the consolidated financial statements in chapter 8 of this Registration Document. No specific financial hedging instrument was used in 2015.

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, the talent management process and the program to retain managers are key to this and are detailed in section 5.4 of this Registration Document.

To anticipate and control potential risks, the Group introduced monthly reporting which established quantitative and qualitative consolidated data for wide reporting perimeter (almost 90% of the workforce). The results are presented to the Group's senior management on a regular basis. This reporting forms the basis of the social indicators summarized in section 4.6.2 of this Registration Document.

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 ("EVE" sessions for new hires) to share the Group's vision, strategy, culture and values;
- information resources, such as the Group Dialeg intranet and local Dialeg intranets, the Dialeg TV channel and the online magazine.

IT systems security and continuity

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

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

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

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

- 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;
- an 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 2015, launching a plan to formalize the information systems security policy based on ISO 27002.

3.3 - REPUTATIONAL AND COMPLIANCE RISK

Compliance with local or 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, and product norms and standards adopted by international organizations such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. A change or more stringent application of these quality and safety standards could require the Group to make capital expenditures or implement other measures to ensure compliance, the costs of which could have a material adverse effect on the Group's business, results and financial position.

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

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

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

Given the potential risks of obstruction of the principles of competition law and non-compliance with international regulations on embargoes, export control and combating money laundering and terrorist financing, Legrand launched a Group-wide compliance program in 2012. This program is one of the objectives of the 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.

Environmental protection

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

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

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

One of the commitments of Legrand's environment policy (see section 4.5.1 of this Registration Document) is compliance with the European Union's RoHS Directive and REACH regulation.

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

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

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.

With regard to ISO 14001 and ISO 50001 certification, some 250 environmental audits (internal or external) were conducted in 2015.

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

It sets up provisions on its financial statements when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. These provisions amounted to €10.8 million at December 31, 2015, 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 also refer to chapter 4.5.1. for more details on the impact of the Group's operations on climate change.

Internal control weaknesses and/or non-compliance

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.

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

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

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

3.4 - FINANCIAL RISK

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.

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.

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 diversified sources of financing in terms of origin and maturity. This principle forms the basis of the Group's financing strategy. 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.

As a result, net financial debt totaled €802.7 million as of December 31, 2015 and is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2027. The average maturity of the Group's gross debt is six years. At the same date, available credit lines totaled €900 million. There are no covenants associated with the credit lines.

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

However, the Group has a structurally high level of free cash flow, amounting €666 million in 2015.

At December 31, 2015, cash and marketable securities totaled €1,088.4 million.

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.

Swap agreements entered into between Legrand and credit institutions could provide that the swap counterparty requires Legrand to post collateral into a pledged or restricted account equal to its net liability determined on a marked-to-market basis, pursuant to the provisions of the relevant hedging agreement. On the date of filing of this Registration Document, Legrand is not engaged in interest rate swaps.

CURRENCY RISK

The Group operates internationally and is therefore exposed to currency risk arising from the use of several different currencies. Some of its assets, liabilities, revenues and costs are 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.

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 22% of sales in 2015). In addition, the portion of sales generated from the Group's ten biggest customers represented around 31% of Group sales in 2015, in line with previous periods.

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.

Risks related to litigation

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

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

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

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

3.5 - INSURANCE POLICIES

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’s insurance and risk management policy and related prevention programs are periodically presented to the Risk Committee by the Legal Department (and to the Audit Committee as part of its annual review of the Group’s main risks).

Civil liability

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

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

Property damage and operating loss insurance

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

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

In addition to this insurance program, and as indicated in section 4.1 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, and intends to continue risk awareness and prevention campaigns in its operating entities.

Other cross-sector risks insured

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

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

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

This report was prepared with support from the Group Finance Department, 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 subjected to examination by the Audit Committee on February 8, 2016 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", on March 3, 2016.

The Chairman's report was approved by the Board of Directors on March 17, 2016.

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 (*Code de commerce*) 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 150 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 165 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 157 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 167 et seq. of the Company's Registration Document
	Section 6.1.1.3 **"Work done by the Board of Directors in 2015"** of the Company's Registration Document	Pages 160 et seq. of the Company's Registration Document
	Section 6.1.3.3 **"Work done by the Board of Directors' specialized Committees in 2015"** of the Company's Registration Document	Pages 171 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 172 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 150 of the Company's Registration Document
Provisions of the code of corporate governance with which the Company is not in strict compliance and related explanations		Table summarizing recommendations with which the Company is not in strict compliance, page 150 of the Company's Registration Document
Indication as to where the code of corporate governance may be accessed		Page 150 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 **"General Meetings"** of the Company's Registration Document	Page 267 of the Company's Registration Document
Principles and rules set by the Board of Directors for determining the compensation and benefits of Executive Directors	Section 6.2.1 **"Principles and rules for determining the compensation and benefits of the Directors"** of the Company's Registration Document	Pages 175 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 301-302 of the Company's Registration Document

3.6.2 - Risk management and internal controls

3.6.2.1 FRAMEWORK, DEFINITIONS, PURPOSES AND ORGANISATION

Framework

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

Scope

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

Definition and purposes of risk management

A risk represents the possibility of an event occurring that might have adverse effects on people, resources, the environment, the Group's objectives or its reputation.

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

Risk management is a duty of all parties involved within the Group. It seeks to be comprehensive, so as to cover all of the latter'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 of the risks inherent to their activity and of newly emerging risks.

Definition and purposes of internal controls

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

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

The internal control system aims to:

- ensure compliance with the main applicable 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 controls

The Group's Internal Control Department coordinates and organises 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 programme.

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

In the Group as a whole, a total of around 22 staff members are fully dedicated to internal controls in 2015.

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

Other key contributors

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

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

Limitations

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

3.6.2.2 COMPONENTS OF THE INTERNAL CONTROL AND RISK MECHANISM

Risk management

Organisational framework

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

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

- leading Risk Committee meetings and conducting risk mapping exercises;
- designing risk indicators together with risk owners (i.e. the Group's functional departments), and monitoring these indicators;
- monitoring action plans implemented under the responsibility of the risk owners;
- performing targeted audits to make sure the mechanisms designed to control identified risks operate effectively.

This general approach is overseen and monitored by a Risk Committee which is chaired by the Group's General Management and comprises representatives from the functional departments.

The Risk Committee met twice in 2015, in application of its usual half-yearly rhythm.

The Audit Committee is also kept informed of all issues. In particular, the policy for assessing and dealing with risks is discussed every year at a meeting with the Audit Committee, during which major risk factors are reviewed, as are the existing control mechanisms and any action plans in progress. A presentation is subsequently made to the Board of Directors.

Risk management procedures

The Group's risk management procedure involves three stages:

1) Risk identification: a 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 or functional departments ("bottom-up" approach) and by external benchmark data;

2) Assessment of identified risks: in 2015, risk assessment and ranking was 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;

3) Risk treatment: measures aplied 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.

Internal controls

Control environment and Group values

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 set out the Group's values, its Code of ethics, its Prevention charter and its Environment charter. Commercial practices are framed by the Fair competition charter and the Guide to good business practice. These charters are disseminated throughout the Group by a network of representatives;

- an organizational and hierarchical structure enabling a clear definition of responsibilities and of powers;
- access to information systems determined according to each person's role, complying with the rules of segregeation 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 Group has adopted processes and procedures ensuring timely, reliable communication of relevant information to the parties concerned. The reporting structures which exist for all the Group's major business processes, enable the gathering and circulation of relevant information at the various levels of the company, and ensure that a shared language exists between the Group's different organizational levels (subsidiaries and functional departments). Examples are provided by the annual budget process, the monthly and quarterly country performance reviews, and the various reporting schemes (financial, human resources, corporate social responsibility, etc.).

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

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

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

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

Internal control activities

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

Internal control activities, particularly critical controls, are reviewed annually, using a self-assessment scheme which is mandatory for all entities and supported by a dedicated tool. According to entity size, the scheme combines the completion of a questionnaire 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.) and their potential implications in accounting and financial terms, as well as control of major risk factors in terms of compliance, business continuity plans, etc. Beyond the register of essential and mandatory critical controls, the scheme is adapted 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 2015 to enhance its relevance and effectiveness.

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

The 2015 self-assessment campaign showed an acceptable level of internal control, with Group entities presenting an overall conformity rate of 86% with the minimum requirements of the internal control scheme. The Group considers 90% to represent a fully satisfying conformity rate. Targeted support is provided to help all entities to reach this level.

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

Steering and auditing

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

Cash flow management

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, 2015, 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.

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

Year ended December 31, 2015

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, 2015.

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 17, 2016

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-Marc Lumet

CORPORATE SOCIAL RESPONSIBILITY (CSR)

04

4.1 - THE GROUP'S CSR STRATEGY

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

Legrand produces its CSR strategy in the form of a roadmap covering a period of several years. In 2014, for example, Legrand published its third roadmap for the period 2014-2018. The 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 2015, 16 out of 21, or 76%, of the annual objectives within the roadmap priorities were achieved.

Legrand's CSR strategy consists of four areas: users, company, employees and the environment.

- **Users**: the 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 2015, for example, the Group continued to position itself in the assisted living market, while its energy efficiency solutions led to the equivalent of 578,000 metric tons of CO_2 being avoided over a two-year period. It continued to deploy its communication policy on the environmental impacts of its products, with 55.5% of its sales generated from products with a Product Environmental Profile (PEP), against 52% in 2014. A total of 795,000 counterfeit products were seized and destroyed. In addition, 12 major new partnerships and collaborative research projects were initiated. More than 260,000 customers received training since 2014, while 92% of the Group's sales are covered by a CRM system.
- **Society:** Social responsibility applies to all partners that the Legrand Group interacts with. This interaction takes place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. In 2015, approximately 700 people were trained in business ethics, taking the number of people trained on these topics in the past three years to over 2,500. The compliance program continued to be rolled out to over 50 countries. A total of 230 suppliers exposed to CSR risks were identified, and 73 action plans were launched in eight countries, covering 32% of these suppliers. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity. In 2015, joint action with *Électriciens Sans Frontières* led to 310,000[1] people benefiting directly or indirectly from access to power. The Legrand Foundation supported 16 projects.
- **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 2015, a risk assessment was carried out on 87% of the Group's workforce deemed to be exposed to potential human rights violations. 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 was down by over 18% to 5.89 at the end of 2015. In all, 82% 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 2015, 92% of the main industrial and logistics sites were ISO 14001 certified. The Group's average energy intensity has fallen by more than 7% (at current scope). 87% of waste was recycled and 84% of the Group's sales[2] conform with the requirements of RoHS regulations.

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) Figure provided by Électriciens Sans Frontières indicating the number of people potentially affected by projects supported by Legrand.

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

4.1.1 - Priority issues and 2014-2018 roadmap

Priority issues

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

USERS

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

COMPANY

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

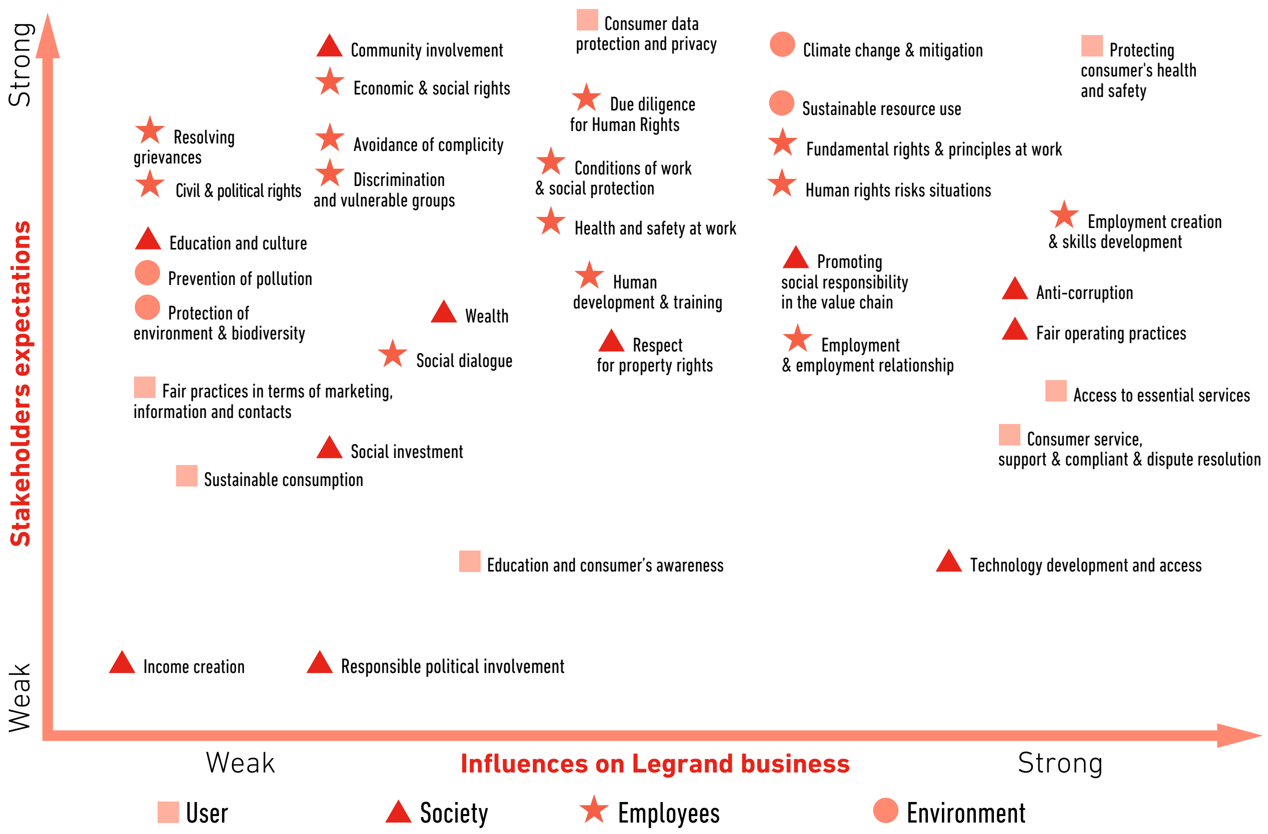
Legrand has conducted a materiality test since 2013. The test is structured based on the central issues of ISO 26000 on Social Responsibility: human rights, labor practices, the environment, best business practices, consumer issues and community involvement.

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.

This test resulted in the materiality matrix presented below. It highlights the core issues 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 integrated into 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 built around the four principles 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 first 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. It involves the entire organization: all Group entities and subsidiaries are stakeholders of the CSR strategy and are responsible for implementing it worldwide. The CSR strategy offers a response to the economic, social and environmental 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 priorities of the roadmap;
- factoring in regulatory and legislative requirements for CSR ("hard law" and "soft law").

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

DIALOGUE WITH LEGRAND'S STAKEHOLDERS

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

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

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

1) its clients and users of its products and solutions, whether they are specifiers, installers or end customers;
2) its employees and trade unions;
3) its suppliers and subcontractors;
4) the scientific community, industry and 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. As such, the Group is involved with CSR committees set up within professional bodies (GIMELEC, FIEEC, etc.), the *Club des Directeurs du Développement Durable* (C3D) and locally Legrand's team may take part into studies, workshops and commissions on CSR topics that are happening 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 the tools used to evaluate the Group's strategy;
- the obligations under Article 225 of Act No. 2010-788 of July 12, 2010 establishing the national commitment to the environment ("Grenelle 2 Law"). This article requires CSR information to be made public and introduces a mandatory audit of this information by an independent third party. The Legrand Group's response to these requirements is detailed in this Registration Document. The relevant chapters are shown in the cross-reference table 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 which incorporate the principles of anti-corruption and respect for human rights. The text has been translated into a dozen languages, including Chinese and Russian, and is accompanied by a practical guide;
- **the Fair Competition Charter**, which defines the rules on compliance with competition law;
- **the Guide to Good Business Practice**, which focuses on preventing corruption and fraud. Other matters relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also covered;
- **the Prevention Charter**, which sets out the key principles of Legrand's health and safety policy. It defines three principles: compliance with national legislation and regulations, incorporation of safety into the industrial policies, and the harmonization of prevention strategies;
- **the Environment Charter**, which sets out the requirements and fundamental aspects of the Group's environmental strategy;
- **the Quality Policy**, which sets out Legrand's principles regarding the quality of its products;
- **the 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

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

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

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

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

Gilles Schnepp

Chairman and Chief Executive Officer, Legrand Group

The cross-reference table between the principles of the Global Compact and the chapters of the Registration Document can be found in chapter 4.6 of this document.

4.1.3 - CSR governance and performance management

4.1.3.1 CSR GOVERNANCE

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

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

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

In addition, a network of 60 ethics 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, strategic business units and main country departments, meets three times a year with the Chairman and Chief Executive Officer to approve and follow up on the actions of the Group CSR strategy.

Within Legrand's Board of Directors, the **Committee on Strategy and Social Responsibility**, composed of four directors, two of them independent, guarantees that the Group's strategy remains compliant with CSR requirements. Once a year, the Sustainable Development Department presents the previous year's CSR results to the committee, together with the targets for the coming year (see section 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 2015. 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 deployment and management of the roadmap are handled jointly by the Sustainable Development Department with the heads of the SBUs and subsidiaries, and by the functional departments (HR, Purchasing, Occupational Health & Safety, Environment, etc.) with local representatives concerned. Legrand keeps track of its CSR performance through an organized reporting process for non-financial data. This process involves:

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

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

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

The progress and evaluation of the 21 priorities of the roadmap are consolidated through 31 indicators. Most of the data used to measure these indicators 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 chapter 4.6 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 ("Inadequate Performance", "Deployment Initiated", "Good Performance", or "Excellent Performance"). Each year they are provided with a CSR dashboard. This allows them to track their performance over time, relative to the Group as a whole;
- 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 2015, the CSR performance levels of more than 70 reporting scopes (subsidiaries, regions or entities) had been assessed, representing all Group activities (apart from new acquisitions not included in the Group's reporting, as per the rules described in section 4.6.1 of this document). Of these reporting scopes:

- 43% were ranked at the "Good Performance" level (rating greater than or equal to 2.5 on a scale of 1 to 4) versus 16% in 2014;
- 49% were ranked at the "Deployment Initiated" level (rating between 2 and 2.5) versus 61% in 2014; and
- 8% were rated at the "Inadequate Performance" level (rating below 2) versus 23% in 2014.

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

In addition, in 2015, 10% of the variable compensation of the Chairman and CEO and of most of the members of the Management Committee is index-linked to overall CSR performance, in line with the priorities of the roadmap. Starting from 2016, the Board of Directors considers adding CSR global performance, in line with the roadmap priorities, contributing to one-third of performance criteria related to performance shares awarded on the basis of three year plan to the Chairman and CEO, members of the Management Committee and key managers.

The performance of certain functions within the Group is also partially assessed based on CSR criteria, including, for example, the rate of achievement of individual appraisal reviews (IARs) 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 in late 2015 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	Ref.
Focus: Users			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%	4.2.1.1.
■ To actively continue the deployment of initiatives to improve product quality and tackle counterfeiting in the electrical industry.	93%	94%	4.2.1.2.
■ To provide product environmental data compliant with ISO 14025 for products accounting for two-thirds of Group sales.	101%	101%	4.2.1.3.
■ To avoid the emission of 1.5 million metric tons of CO2 equivalent.	74%	105%	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%	4.2.2.1.
■ To continue to develop university partnerships and collaborative research projects, and implement the resulting innovations.	83%	131%	4.2.2.2.
■ To provide feedback mechanisms and customer satisfaction measurement for 95% of Group sales.	109%	112%	4.2.2.3.
Focus: Company			4.3.
Issue no. 3: Acting ethically			4.3.1.
■ To have an additional 3,000 employees trained in business ethics.	273%	198%	4.3.1.1.
■ To cover 100% of Group sales through a compliance program monitoring scheme.	110%	105%	4.3.1.2.

Roadmap 2014–2018: 2018 targets	2014: Target achievement rate	2015: 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%	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%	4.3.3.1.
■ To ensure the widest possible access to the initiatives of Legrand Foundation	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%	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%	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%	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%	4.4.3.1.
■ To increase the number of women in key positions by 25%.	127%	125%	4.4.3.2.
■ To reduce the pay gap between men and women in the Group's non-managerial positions by 15%.	274%	94%	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%	4.5.1.1.
■ To reduce energy intensity by 10%.	315%	175%	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 recovery.	100%	87%	4.5.2.
TOTAL ACHIEVEMENT RATE	**123%**	**120%**	

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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 as of the end of 2015:

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

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

- “Prime” status in Oekom Research's Corporate rating;
- “Inclusion in the “2016 Sustainability Yearbook”, published by the asset manager RobecoSAM in conjunction with KPMG;
- Inclusion in the Ethibel Pioneer and Ethibel Excellence registers;
- 62nd place in the “Corporate Knights 2016 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 2015 is available from the CSR Resource Center 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 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: To achieve 4% growth in the proportion of sales generated with these solutions compared with 2013.

2015: To achieve 10% growth in the proportion of sales generated with these solutions compared with 2013.

2015 achievement:

The percentage of Group sales represented by these offerings increased by 4.7% between 2013 and 2015. This was below the +10% growth target that the Group set itself at the end of 2015. 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 the recent launches of ranges in the new economies should enable the Group to achieve the five-year target set in its roadmap.

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

The achievement rates for 2014 and 2015 are calculated against the targets of 4% growth between 2013 and 2014, and 10% between the end of 2013 and the end of 2015.

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 consists of designing, developing and marketing safe, sustainable and affordable ranges of accessories (sockets, switches) and circuit breakers for buildings, mainly intended for new economies:

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

For more information on solutions that address these basic needs, see 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 Energy Efficiency page on our website www.legrand.com/EN.

Products dedicated to assisted living

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

By 2050, the global population over the age of 80 is set to more than triple compared with 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. Céliane lighting control systems or Bticino door-entry systems) means that home environments can be programmed from a single control point, with lighting, heating and access set to match personal needs and preferences. *Céliane* systems can even be coupled with remote control systems to offset specific motor or sensory deficiencies;
- facilitating communication with the outside world by sending reports on the status of the dwelling and its occupant to a support center, which can then respond to alerts remotely and take control of home automation systems. 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 section 4.2.2.2.

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, i.e. that the Group's customer dissatisfaction feedback mechanism functions according to the Group's requirements.

Group priority 2014-2018

Extend the deployment of initiatives in 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:

2014 and 2015: 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.

2015 achievement:

The Group posted a slight underperformance on the indicator for implementation of the product risk management procedure, since 88% of its sales are generated within entities that apply the principles, against a target of 100% at the end of 2015. The targets set on counterfeiting have meanwhile been achieved, with the seizure and destruction of around 795,000 counterfeit products and actions taken to tackle counterfeiting in several countries.

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

The 2014 and 2015 achievement rates are calculated first in relation to the target of introducing an anti-counterfeiting measure and monitoring the number of seized counterfeit products, and secondly in relation to the target of ensuring that 100% of sales are covered by the product risk treatment policy; each subject has a 50% weighting in the target's 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 approximately 92.6% of sites certified at the end of 2015;
- **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 2015, 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 2015, the Group seized some 795,000 counterfeit products. More than half of these seizures come from actions taken on the direct initiative of the Group's Chinese teams. 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, around 4 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 also had over 10,000 websites selling counterfeit goods shut down in 2014 and 2015.

Focus: Copytracer, protecting the user

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

This system applies a specific mark to the Group's products to differentiate between original products and copies and other counterfeits that are often synonymous with risk for users. It is gradually being extended to all Group subsidiaries and brands. In 2014 and 2015, it was introduced by the Egyptian, Polish, Italian, Russian and Indian subsidiaries.

For more information on Legrand's fight against counterfeiting, see chapter 3.1 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 with a PEP (Product Environmental Profile), in compliance with ISO 14025.

Annual targets:

2014: To achieve a sales coverage rate of 51%.

2015: To achieve a sales coverage rate of 55%.

2015 achievement

At the end of 2015, 55.5% of Group sales were of products with a PEP. Having achieved its 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%			

The 2014 and 2015 achievement rates are calculated against the targets of 51% and 55% respectively of the sales (year to date as of September each year) concerned (excluding services and acquisitions made in 2015).

An industry-wide approach

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

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

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

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

In 2015, with the publication of product category rules or PCR (v3), the rules of the PEP ecopassport program have been updated to facilitate the use of PEPs in the lifecycle analysis (LCA) of buildings. Therefore, since June 2015, the first PEPs created under this new version of the PCR have been aligned with the requirements of European standard EN 15804 (Sustainability of construction works – Environmental product declarations) which refers to type III environmental statements for construction products. These PEPs offer all the environmental indicators necessary for the building's LCA calculation.

A recognized tool

The PEP ecopassport and associated program are recognized in various building rating systems. For example, the LEED (Leadership in Energy and Environmental Design) scheme, a standardization system for high-performance buildings, and the first global standard in this area with approximately 140,000 m^2 certified daily, attaches importance to product environmental information in accordance with ISO 14025 for electrical equipment installed in a building. PEPs allow Legrand to position itself towards projects with higher added value. They also improve the environmental performance of projects, adding value to the building in which these solutions are installed.

More than 1,100 PEPs available

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

Legrand has filed more than 1,100 PEPs in the official database of the PEP ecopassport program. These documents can be accessed on the websites of the Group's various brands or upon request from customer service departments. For example, approximately 2,200 downloads of these documents were recorded on Legrand's French website in 2015.

Thanks to the efforts of its R&D teams, at the end of 2015, 55.5% of Group sales were generated by products covered by PEPs (versus 52% at the end of 2014).

In 2015, around 300 new PEPs were produced for all types of products sold by the Group worldwide, particularly in the United States, China and Brazil. For example, in 2015, Ortronics, Legrand's U.S. subsidiary, completed its first PEP ecopassports for cable management panels designed to fit 19" racks in the Mighty Mo® 6 range.

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 through the energy efficiency solutions sold each year by the Group.

Annual targets:

2014: To avoid the emission of 180,000 metric tons of CO_2 using the Group's energy-efficient solutions.

2015: To avoid the cumulative emission of 550,000 metric tons of CO_2 using the Group's energy-efficient solutions.

2015 achievement:

A total of 578,000 metric tons of CO_2 emissions were avoided due to the sale of the Group's energy efficiency solutions, against a target of 550,000 by the end of 2015. This means that for this priority, the Group has achieved its target for 2015.

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

The 2014 and 2015 achievement rates are calculated against a target of 180,000 metric tons avoided for 2014 and a cumulative 550,000 metric tons for 2015.

Simple and accessible solutions

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

- **Lighting, heating and plant management**: the Group's solutions manage energy and reduce waste and therefore electricity bills, with a quick return on investment for users.
- **Analysis, measurement and monitoring of electrical equipment** are essential steps towards reducing consumption and saving on energy by up to 10%. For example, Alptec analyzers from the French subsidiary Alpes Technologies allow the analysis of electrical circuits (failures, surges, etc.) in commercial and industrial buildings, identifying and correcting faults. Moreover, U.S. subsidiary WattStopper has launched an Energy Calculator, a free online tool enabling individuals to calculate their own potential energy savings.
- **Reactive energy compensation and harmonics filtration**: Alpes Technologies offers a full range of services and products that improve energy quality and reduce the environmental impact, particularly in terms of CO_2 emissions.
- **High-quality uninterrupted power supply**: the Group's UPS ranges are based on smart power factor correction circuitry, which optimizes the absorption of energy inputs; efficiency remains at a high and constant level, even at a low rate of charge. Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy (Italy), Numeric (India) and S2S (France), Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions), and photovoltaic power inverters.
- **Energy savings for data centers:** AEGIDE, the Group's Dutch subsidiary, provides energy-saving solutions for data centers in large, medium and small enterprises as well as commercial infrastructures. The Varicondition Cold Corridor® solution, for example, is a system which is based on the complete separation of hot and cold air flows to increase efficiency and energy savings.
- **Photovoltaic panel connection:** Legrand offers photovoltaic panel connection solutions for residential and commercial use.
- **Electric vehicle charging solutions:** Legrand offers a domestic type socket, *Green'up Access*, which can charge at 14 A (3.2 kW). It also has a range of charging stations, *Green'up Premium*, suited to the home, public or corporate parking areas, residential buildings and public roads.

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

The Legrand eco-meter is the first commercially available meter with an integrated IP output 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, CO_2 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. It is assumed that avoided emissions are cumulative, calculated based on sales made in 2014.

Focus: responsible and transparent information.

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

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: To train 100,000 customers.

2015: To train a total of 200,000 customers in 2014 and 2015.

2015 achievement:

The Legrand group trained more than 260,000 customers in 2014 and 2015, exceeding its target of 200,000 customers by around 30%. This solid performance is mainly due to the results of the Brazilian, Chinese, Chilean and Peruvian subsidiaries.

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

The 2014 and 2015 achievement rates are calculated against a target of 100,000 customers trained at the end of 2014 and a total of 200,000 customers by the end of 2015.

Dedicated training centers

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

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

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

In 2015, the Innoval centers received 4,000 visits from customers, and approximately 6,100 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.

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: To form six new partnerships.

2015: To form seven new partnerships, or 13 in total over 2014 and 2015.

2015 achievement:

Legrand embarked on 12 major new partnerships and collaborative research projects in 2015. This brings the number of partnerships established over the last two years to 17 (versus a target of 13) and represents an achievement rate of 131%. It is a testament to Legrand's commitment to push ahead with forging new technology and research partnerships.

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

The 2014 and 2015 achievement rates are calculated against a target of six new partnerships in 2014, or 13 new partnerships in total at the end of 2015.

Collaborative projects

Legrand is a member of several competitive clusters, which are designed to bring local businesses, training centers and research facilities together in partnerships to develop innovative joint projects. The Group is in particular a founding member of ELOPSYS, a high-technology cluster focusing on microwaves and photonics in the Limousin region, and of S2E2 (*Science et Système de l'Énergie Électrique* – Science and Electrical Power System), focusing on electrical energy for the Central and Limousin regions;

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 first demonstrator was unveiled in the Vendée region of France. It is part of the "Investissements d'avenir" ("Investment for the Future") scheme launched by the French government. Several hundred smart meters are being installed in the local area to measure network changes in real time and to refine existing models;
- Legrand took part in fundraising by Netatmo, a specialist in connected objects for the home, providing it with the resources necessary for further 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 increased proximity to the latest trends in the Building Internet of Things, the partnership could also facilitate collaboration between Legrand and Netatmo to develop interoperable electrical and digital infrastructure products with wider practical applications;
- Legrand is the lead participant in Cocaps, a collaborative research project certified by the competitiveness cluster S2E2 with cross-ministry 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 to develop offerings that improve hotel room control and comfort and thus enhance the guest experience through connected solutions.

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

- The Legrand Group helped to set up Confluens, a joint venture between six home automation companies specializing in door-entry, automated shutter control and heating control systems and suppliers of wiring devices. The role of this association is to encourage interoperability between home automation systems;
- Legrand was involved, together with the French government, in the creation of the Silver Economy, a "business incubator" that brings together innovative start-ups and groups positioned in the care market. Legrand's Chairman and Chief Executive Officer has been appointed Vice-Chairman of the Silver Economy "Industry of the Future" committee, responsible for organizing and coordinating this sector. The committee brings together companies, trade federations, competitive clusters, government departments, financial institutions and actors involved in long-term care and welfare. It is tasked with examining proposals from industry stakeholders so that the government can then plan and implement its response for this sector;
- Legrand is an active member of AllSeen Alliance, one of the largest international consortia set up to promote the worldwide adoption of products, systems and services comprising the Internet of Things based on a common technology and open-source languages. Alliance members are working on an open-source software project with industry-wide support and based on AllJoyn technology, 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 "win-win" 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. Equivalent initiatives have been put in place in Hungary, between Legrand's local subsidiary and the University of Ongollo. 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 is also committed to supporting initiatives for new training courses designed to meet future skills requirements and create jobs. For example, vocational degrees at the Institute of Technology (IUT) of Mantes/University of Versailles-St Quentin in electromobility power engineering. The aim is to foster expertise in designing and manufacturing electric vehicles and the associated charging infrastructure, as well as after-market services.

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

Focus: Legrand/INSA Strasbourg partnership.

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

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

Participation in legislative and regulatory developments

Legrand supports 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, such as the United States, 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), as well as 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.

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: To achieve a sales coverage rate of 75% on at least two of the above four indicators.

2015: To achieve a sales coverage rate of 80% on at least two of the above four indicators.

2015 achievement:

The use of CRM and SOLUTIO tools continued in 2015, up 15 and 1 percentage points respectively in terms of sales covered. This will continue in 2016 and subsequent years, the goal being to cover more than 95% of Group sales by the end of 2018. The service rate now covers 84% of Group sales, compared with 64% in 2014. Customer satisfaction surveys are also encouraged in subsidiaries and now cover 67% of Group sales.

At the end of 2015, the principal indicators for this priority were the following:

- customer service rate indicator: 84%;
- CRM tool launched: 92%;
- SOLUTIO tool launched: 87%;
- customer satisfaction surveys: 67%.

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

The 2014 and 2015 achievement rates are calculated as the average achievement rate of the two highest of the above four indicators, i.e. SOLUTIO and the service rate in 2014 and the CRM and SOLUTIO in 2015, against a target of 75% coverage of Group sales at the end of 2014 and 80% at the end of 2015.

Customer satisfaction

The availability of Group products for its customers is key to customer satisfaction. As a result, Legrand monitors the **service**

rate for its different subsidiaries to measure the Group's ability to fill orders from its customers in the desired quantities and time frame. This customer service rate is consolidated by the Group Logistics Department. It is calculated using a common method covering 84% of Group sales; on this basis it stands at over 89%.

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 92% of Group sales are covered by the Salesforce CRM (Customer Relationship Management) tool. This incorporates a corporate social network, Chatter, which allows projects and information to be shared more widely. From a marketing perspective, it facilitates the reporting of market data. Over 100 users currently have access to this in the Group's sales and marketing divisions, as well as in its SBUs (strategic business units).

Subsidiaries' Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. These send comments or requests for product improvements to SBUs to inform the debate on product developments. The **dissatisfaction monitoring software** SOLUTIO 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 2015, 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 2015, these surveys were carried out in the Netherlands, Belgium and France. Some of these surveys are conducted on a one-off basis, while others are held at set intervals; this is the case, for example, at the Turkish subsidiary ESTAP, which carries out these surveys every three years;
- every year, key distributor customers assess the Group's performance and services (marketing, technical support, supply chain, distribution policy, cooperation). These assessments are carried out by independent service providers. The Strategy and Development Division analyzes these results and shares them with all countries. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also held with product specifiers to discuss their expectations.

Focus: United Arab Emirates: Legrand improves customer satisfaction

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

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

Collaborative innovation

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

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

Responsible communication

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

The Director of Group External Communications, reporting to the Director of Strategy and Development, is responsible for ensuring the implementation of these principles throughout the Group's subsidiaries, with a dedicated team of 177 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 espousing voluntary communication principles and codes, including for example the UDA (*Union des Annonceurs* – Advertisers' Union) in France and the UPA (*Utenti Pubblicità Associati*) in Italy.

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

- ICC Code no. 240-46/557 of February 3, 2010: framework for responsible environmental marketing communications, and the ICC Consolidated 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 Programme" and the "Responsible Marketing Pact".

Data protection

In July 2015, the Legrand Group launched its Internet of Things strategy, represented by the Eliot program. The annual growth of the Building Internet of Things market is expected to exceed 20% by 2020. As a specialist in electrical and digital building infrastructure, Legrand generated sales of over €300 million from connectable objects in 2015. These sales, which related to existing connectable products, were spread across 23 of the Group's 80 product categories.

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 help to maintain data confidentiality. In view of this, Legrand has formed an internal working group dedicated to the study of compliance with data privacy and data security of its 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).

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

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

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

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

Legrand's approach was officially recognized in 2015 when the Group scored full marks, coming top in its business sector, for the category "Codes of conduct/Compliance/Corruption" in the annual Dow Jones Sustainability Index (DJSI) 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 its employees likely to encounter risk situations have a sound knowledge of the rules on business ethics. It also means reducing the likelihood of an infringement of competition law or anti-corruption, anti-money laundering or export control laws, in all Group entities and subsidiaries. Any breach of the Group's ethical principles by an employee gives rise to immediate sanctions.

Group priority 2014-2018

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

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

Annual targets:

2014: To train 400 employees in business ethics.

2015: To train a total of 900 employees in business ethics in 2014 and 2015 combined.

2015 achievement:

In 2015, an extra 691 people received training in business ethics, in addition to the 1,092 people trained in 2014, i.e. a total of 1,783 people, against a cumulative target of 900 at the end of 2015 (when those 1,783 employees are added to the 2,500 employees who received training in previous years). As a result of this training, the achievement rate for this priority is 198%. During 2015, the Group's subsidiaries arranged local training – in addition to the online courses offered by the Group – to further improve training in business ethics. More than 5,000 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%			

The 2014 and 2015 achievement rates are calculated against a target of 400 employees to be trained in 2014, or 900 in total in 2015.

It should be noted that the figure of 1,092 people trained in 2014 has been corrected compared with the figure published at the end of 2014 (334 people) to reflect the number of people actually trained in 2014, but incorrectly counted by the e-learning tool (758 people).

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.

Alongside this training, communication tools (practical guides, presentations) are available for ethics correspondents and compliance officers to facilitate their actions in the field of business ethics. These guides are available from 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 2015, 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 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 warning system

In case of non-compliance with ethical principles, employees can contact their immediate supervisor, the Group Human Resources Department or the Group Legal Department. In addition, a Group monitoring and alert system has been in place since 2009 in the form of a generic e-mail address. This can be used by employees to ask questions or raise an alert. For 2015, 17 ethics alerts were reported to the Group. None of these alerts represented a significant risk. The alerts were examined and handled in accordance with Group principles as detailed in the Charter of Fundamental Principles.

4.3.1.2 VERIFYING THE APPLICATION OF THE GROUP'S COMPLIANCE PROGRAM

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

This program is organized around five principles:

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

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

Group priority 2014-2018

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

Key performance indicator: deployment rate of the compliance program monitoring procedure.

Annual targets:

2014: To achieve a compliance program deployment rate of 70% for the Group's most exposed subsidiaries and for its most significant subsidiaries, and 50% for all other subsidiaries.

2015: To achieve a compliance program deployment rate of 90% for the Group's most exposed subsidiaries and for its most significant subsidiaries, and 70% for all other subsidiaries.

2015 achievement:

At the end of 2015, deployment rates for the compliance program were 78% for the Group's eight largest entities (for a target of 90% at the end of 2015) and 87% for all other reporting scopes (for a target of 70% at the end of 2015). This achievement rate as measured by Group Internal Audit is 105%. This reflects a slight delay in the operational nature of the compliance program's deployment in the eight main Group entities. However, deployment in all other entities was well ahead of schedule. Deployment will continue in subsequent years.

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

The 2014 and 2015 achievement rates are calculated as the average of achievement rates recorded in the two groups of Legrand subsidiaries against targets at the end of 2014 and 2015, i.e. for the most exposed subsidiaries and the most significant subsidiaries, a program deployment target of 70% at the end of 2014 and 90% at the end of 2015, and for other subsidiaries, a deployment target of 50% at the end of 2014 and 70% at the end of 2015.

Compliance program coordination and monitoring

Coordination of this compliance program is entrusted to an internal, multidisciplinary committee, meeting on a quarterly basis under the supervision of the Group's Legal Department. Its two main tasks consist of defining core areas of concern, and monitoring the results of these actions. 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 have pertained specifically to the issue of compliance program deployment (see paragraph 3.6.2 of this Registration Document for more details of the Group's internal control approach).

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

All of these checks are reviewed annually by the Internal Audit Department. At the end of 2015, 78 entities had been assessed out of a total of 79 entities. The rate of deployment of the compliance program within the Group's subsidiaries has been adapted depending on the size and criticality of the subsidiaries:

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

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

Focus: Every country director has signed a letter of commitment pledging support for the Compliance program.

In June 2015, the country directors of all the Group subsidiaries and functional departments 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. The letter was published on the local intranet of each subsidiary and department or SBU.

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

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

In June 2015, Legrand noted the decision of the Paris criminal court to discharge one of the Group's subsidiaries following a review of a case dating back to 2000 and relating to the conditions for the implementation of the United Nations Oil-for-Food Programme. The Paris court confirmed that no corruption charges could be brought in this case. Legrand noted the public prosecutor's decision in July 2015 to appeal the ruling. The compliance program set up by the Group and described below is a tool aimed at preventing the occurrence of such risks.

A total of 15 cases of fraud or attempted fraud outside the Group were recorded in 2015. 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

In early 2015, Legrand was praised for its Group Compliance Program by *Les Échos Business*, France's leading business publication. Education and communication are the key aspects of this program, which covers all Group employees. The program owes much of its success to action taken by the Group's subsidiaries. In Chile for example, the local subsidiary has adopted an effective communication policy alongside the slogan "Transparency is our identity"; in Italy, the risks that employees could potentially face are documented in short films.

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

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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. More than 60% of the Group's panel purchases are from suppliers that embrace these principles.

Overseen by a matrix-type Purchasing Department, the Group's purchasing policy – which is ISO 9001 certified – 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 helped to draw up the "Ten Commitments for Sustainable Purchasing Charter" through the CDAF (*Compagnie des Dirigeants et Acheteurs de France*). It was one of the first signatories of this charter, which is now known as 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 2015. It confirms Legrand's commitment to responsible purchasing practices with its suppliers, a process in which it was rated as having a very good level of performance by the firm ASEA, which performed the audit. Towards the end of 2015, Legrand became an ambassador for the label, sharing best practices at events held in the Aquitaine region and at meetings of its steering committee.

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 contracting, approval and supplier risk management were updated and rolled out internationally.

The Group Purchasing Department produces **reports** on purchase amounts by supplier and purchasing category. Group purchases of raw materials and components represent approximately 32% of total group purchases, to which purchases of services and investments must be added. All of these 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. The Group also worked with 580 Group suppliers who satisfy multi-site and multi-country needs and account for 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: performance of overall risk analysis (2014); percentage of suppliers with CSR risks covered by adequate action plans (from 2015 onwards).

Annual targets:

2014: To identify 100% of the Group's high-risk suppliers.

2015: To provide support for 25% of the Group's high-risk suppliers.

2015 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 was refined in 2015, when 230 suppliers with potential CSR risks were identified. The Group has implemented a total of 73 action plans in eight countries, in particular the Group's major countries France, Italy, Brazil, Russia, India, China, Turkey, and Poland. These countries represent 60% 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 2015, approximately 32% of higher risk suppliers are covered by an action plan, versus a target of 25%. 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%			

The 2014 and 2015 achievement rates are calculated against the target of identifying high-risk suppliers for 100% of the Group's countries in 2014 and providing support for 25% of high-risk suppliers at the end of 2015.

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 training module on the basics of purchasing includes a specific section on CSR. By 2015, the buyers and quality controllers in France, a total of around 60 people, had been trained in the new supplier approval procedure. In operational terms, this includes aspects of the Group's compliance program, as well as aspects relating to CSR risk management, based on a new approach involving both documentation and on-site audits. The new procedure is presented jointly by the purchasing quality manager and sustainable purchasing manager. It is gradually being rolled out in the various countries where the Group operates, starting with China, Russia and India, where training took place in 2015. Around 20 buyers and purchasing managers in eight countries have been trained as part of the application of the CSR roadmap in the detection and monitoring of suppliers posing a higher risk in terms of CSR and in the management of the corresponding action plans.

Approval and supplier contracting

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

- Purchasing Specifications, a contractual document 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;
- a sustainable purchasing code containing three rules governing supplier selection, namely:
  - in agreement with the ILO (International Labour Organization), regardless of the laws of the country, the supplier must never employ children below 15 years of age,
  - the supplier should have completed an assessment of occupational risks associated with its business and implemented the necessary actions to control them,
  - the supplier should have completed an evaluation of environmental risks associated with its business and implemented the necessary actions to control them;
- General Purchasing Conditions, which include a supplier mediation process in the event of a dispute, by appointing an internal ombudsman from outside the Purchasing function.

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

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

- **approval**: the approval process incorporates the sustainable purchasing rules of the Group's sustainable purchasing code and includes a CSR questionnaire for assessing the maturity of the suppliers concerned on this subject. It consists of 28 questions about the supplier's labor, occupational health and safety and environmental commitments. It also includes a question on the management of tier 2 suppliers, especially the

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subcontracting of operations that pose an environmental risk, such as surface treatment. In 2015, the approval procedure was updated to include additional compliance rules, mainly to prevent the risk of fraud or conflicts of interest, for example. It is accompanied by a document management tool for the compilation of documents relevant to the CSR, such as ISO certification or compliance with regulations on chemical substances;

- **contracting**: the rules on the preparation and approval of Group and local contracts concern all Group units and are included in the financial procedures; in addition, supplier contracts contain a paragraph on the supplier's corporate social responsibility;
- **visits and audits**: suppliers are visited regularly to review technical, quality, environmental, social or logistical issues. In order to be approved, the Group's accredited suppliers for materials and components are systematically audited on-site by buyers and quality professionals based on criteria incorporating aspects related to the organization, ethics, environment and risk management;
- **risk and incident management**: supplier risk analysis is carried out each year by all buyers. The supporting analysis grid includes around a dozen criteria and is reviewed at the beginning of each year for any necessary changes. It identifies suppliers that expose the Group to CSR risk. 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. For example, in 2015 all Group production entities with their own purchasing department performed this analysis. This amounted to some 50 production entities in 29 countries. Following this analysis, action plans are systematically drawn up for at-risk suppliers, managed by the local purchasing team and monitored in a database common to all purchasing departments and available on the Purchasing Department intranet. The most sensitive situations are reviewed monthly by the Purchasing Department Committee. In addition, a central report is periodically prepared on supplier failure by the purchasing performance controller.

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

For 2015, based on the above-mentioned risk matrix, the identification of suppliers likely to expose the Group to CSR risk was refined by working on purchasing groups exposed to environmental risks and by prioritizing exchanges with eight of the Group's major countries (France, Italy, Brazil, China, India, Russia, Turkey and Poland). The sustainable purchasing manager has thus provided purchasing managers and buyers in these countries with close operational support for the implementation of action plans and the associated document management. In parallel, the Group's approach continues to take into account the economic dependence of suppliers, especially in "high-risk" countries. This follows an analysis conducted within the Purchasing Department, taking into account the ranking of the countries by Transparency International and their level of ratification of the fundamental conventions of the ILO (International Labour Organization).

For 2015, the results of this analysis are as follows:

- 230 suppliers considered exposed to CSR risks were identified for the Group. Of these, 111 need to be refined with the entities as and when they are involved in the process. These 230 suppliers account for approximately 4.4% of the total amount of Group purchases;
- 8 countries were identified as a priority (see above), in which 119 at-risk suppliers were analyzed in more detail; this resulted in action plans being drawn up for 73 of them to confirm or disprove these initial results and to mitigate the identified risks where appropriate. These action plans routinely begin with a documentary audit of the supplier to validate its position in terms of CSR. Based on the results of these documentary audits, other actions will then be undertaken, depending on the critical nature of the information compiled. This may be a case of maintaining the relationship with the supplier concerned but as part of a monitoring program devised by affected stakeholders (buyers, internal customers, etc.). In extreme cases, the supplier may be removed from the portfolio. For example, of the four environmental audits conducted as part of these action plans, two have resulted in an exit plan and the removal of the audited suppliers from the Group's supplier portfolio.

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. Suppliers' labor practices will also undergo an external audit, which will reinforce the Group's evaluation methodology for Human Rights risks.

Management of hazardous substances

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

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

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

The total budget allocated to charitable activities amounted to approximately €650,000 in 2015 in monetary or material donations. These initiatives are accompanied by skills sponsorship 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 and the supply of equipment, as well as involving Group employees who offer their personal or professional skills, becoming directly involved on the ground or by providing training or technical support.

Group priority 2014-2018

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

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

Annual targets:

2014: To allow 160,000 additional grantees to gain access to electricity projects.

2015: To allow 160,000 additional grantees to gain access to electricity projects.

2015 achievement:

In 2015, joint action with *Électriciens Sans Frontières* led to 310,000[(1)] people benefiting directly or indirectly from access to power, which brings the number of beneficiaries to 1.630 million since 2007.

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

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

The 2014 and 2015 achievement rates are calculated against a target of 160,000 people in 2014 and 320,000 people in total at the end of 2015.

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

In 2015, Legrand continued to support *Électriciens Sans Frontières* through 21 projects located in 13 countries in Africa, Asia and South America. The projects include development aid for family-run shrimp farming micro-businesses in the Douala and Kribi region of Cameroon, the electrification of health centers and schools in Peru, and electricity supply for a hospital in Madagascar's Manajary province.

The Group's partnership with *Électriciens Sans Frontières* relies particularly on the sales teams of the Group's French brands, which have taken action to raise money for the program "Electricity for health and education in Africa". Numerous initiatives have been organized by the teams in support of these programs, including commercial operations with the sale of products for charity (with a portion of the proceeds going to the NGO) and promoting *Électriciens Sans Frontières* at trade fairs, sporting events (tournaments, marathons) and gala dinners, as well as concerts, a book fair and a Haiti craft fair. All 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 2015, 5 operations took place involving some 400 people from Legrand's sales teams, as well as the Group's distributors and installers.

Group subsidiaries provide logistical and organizational support to volunteers working for *Électriciens Sans Frontières* whenever possible. This may take the form of delivering equipment or loaning premises for training. For example, in 2013 Legrand's subsidiary in the Philippines provided equipment and logistical support to *Électriciens Sans Frontières* for its efforts following Typhoon Haiyan, which devastated the archipelago in early November. In 2015, after Cyclone Pam, Legrand's teams in Australia, New Zealand and New Caledonia arranged for a team of three volunteers from *Électriciens Sans Frontières* to visit Tanna Island in Vanuatu. They assisted them with choosing equipment, arranging transportation and completing administrative procedures, as well as putting them in touch with local electricians.

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

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

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

Legrand *Electricity for all*™ program

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

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

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

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

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

Focus: Telemedicine in India

In a country where 700 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 context, for Legrand this exemplary initiative is an example of a successful partnership between three Group entities: the local teams of Legrand India and Legrand Indo Asian, and NEAT, the Group's Spanish subsidiary specializing in assisted living products.

4.3.3.2 COMBATING EXCLUSION AND ELECTRICITY POVERTY

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

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

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

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

Group priority 2014-2018

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:

2014 and 2015: to implement at least one project in each of the foundation's four areas of action.

2015 achievement:

Since 2014, the Legrand Foundation supported 16 projects covering all of its action areas. This priority has therefore been 100% achieved.

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

The 2014 and 2015 achievement rates are calculated against an implementation target of one project in each of the foundation's areas of action each year: electricity poverty, loss of independence, education, and employment.

Action areas

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

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

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

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

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

Electricity poverty: combating electrical risk and improving energy efficiency

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

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

Education: building a career plan in the electrical sector

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

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

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

Employment: supporting access to employment

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

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

Organization

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

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

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

In keeping with its strategy of proximity, the FACE Foundation is opening new offices every year (59 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 - COMMITTING TO OUR EMPLOYEES

With more than 32,600 employees worldwide and sales and production sites in over 90 countries, Legrand pursues its business development with particular attention to the working conditions of its employees and to 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 Sustainable Development 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.

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

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

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

- the Universal Declaration of Human Rights;
- the International 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 (John Ruggie report), which recommends a three-pronged approach: protect, respect and remedy.

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

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

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

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

For more information on the Group's responsible procurement policy, please refer to section 4.3.2 of this Registration Document.

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

Group priority 2014-2018

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: to evaluate 50% of the exposed workforce.

2015: to evaluate 75% of the exposed workforce and undertake 100% of the actions identified.

2015 achievement:

As of end of 2015, a risk assessment was carried out on 87% of the Group's workforce deemed to be exposed to potential human rights violations, versus a target of 75% set in the 2014-2018 CSR roadmap. In addition, all selected remedial action has effectively been undertaken (in line with a target of 100%).

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

The achievement rate for 2014 and 2015 is calculated against a coverage target of 50% of the Group's workforce exposed to risks of human rights violations for 2014 and 75% for 2015, and 100% of remedial action plans identified and under way in 2015.

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 2015, 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 based on the methodology of the *Danish Institute For Human Rights* is gradually being rolled out to the Group's countries considered not free or 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 countries identified using the methodology referred to above will be included in the assessment process, regardless of the size of their workforce. Consequently, seven new countries will be added to the list to be assessed: Algeria, Kazakhstan, Morocco, Singapore, Philippines, Romania 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, the Group intends to continue its management training on human rights and non-discrimination in 2016.

A total of seven countries have therefore been targeted with 12 action plans.

Focus: Legrand rallies support for International Human Rights Day

Declared "Human Rights Day" by the United Nations, December 10 commemorates the day when the U.N. General Assembly adopted the Universal Declaration of Human Rights in 1948. True to its values and commitments – as evidenced by its adoption of the Global Compact principles – Legrand marked the day by showing the Group's employees educational videos explaining what this topic entails and how it is applied within the Group, particularly by Human Resources, Purchasing, Environment and Health & Safety.

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 in France 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.

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 2015:

- 81% of Group employees were employed in entities in which there is an employee representative body and/or union;
- 52% of Group employees were covered by collective agreements or agreements applicable to their entity;
- 1,237 information or consultation meetings with employee representative bodies or unions were held in 2015;
- 149 new collective agreements were signed in 2015, covering 15,421 people within the Group in mature countries and in the new economies.

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

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 & RS RH), 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 above-listed criteria for the prevention process to be deemed 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:

2014 and 2015: to ensure that 90% of the Group's workforce is covered by the occupational risk management plan.

2015 achievement:

At the end of 2015, the occupational risk management plan covered 90% of the Group's workforce included in Occupational Health & Safety reporting, in line with the target. 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%			

The achievement rate for 2014 and 2015 is calculated based on a 2014 and 2015 coverage target of 90% of the Group's workforce included in Occupational Health & Safety reporting.

The Prevention Charter, signed by the Group's Chairman and Chief Executive Officer and aligned with the guiding principles of ILO-OSH 2001, formalizes Legrand's commitment to employee health and safety at work. The Charter is promoted by the managers of each entity. It has been widely circulated to employees and is available on the intranet in six languages. It is also available on the website (www.legrand.com/EN).

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

Many countries have health and safety committees (employee representative bodies), set up by country management 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. **The assessment of occupational risks** (via the periodic analysis of hazardous situations and risk levels) helps define appropriate and effective prevention measures. In 2015, 72.1% 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 identifies potential accidents and emergency situations, prevents any risks that may be triggered under such circumstances, and implements appropriate measures to safeguard people and property (information, training, coordination, communication with the relevant authorities, local responders and emergency services, first aid and medical assistance, fire-fighting and evacuation methods, and so on).

Health and safety training includes preventing risks in the workplace. It may be supplemented by **first-aid and fire-prevention training.** This training improves staff preparedness against risks to their health and safety, particularly by identifying hazardous situations, assessing risk levels and implementing measures to prevent risk, safeguard people and property, and respond to emergencies. More than 76,000 training hours were devoted to these issues in 2015.

To prevent risks when independent companies are working on site, formal procedures have been implemented that are continually updated (communication, coordination, information, training, and supervision before and during the work). Occupational health and safety criteria are included in subcontractor evaluation and selection procedures where appropriate, occupational illness and work-related incidents on site involving subcontractors' 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.

Subsidiaries must fulfill at least four of the six above-listed criteria to reach 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: To implement the health and safety monitoring and improvement process to cover 80% of the workforce, and reduce the workplace accident frequency rate to 8.

2015: To implement the health and safety monitoring and improvement process to cover 90% of the workforce, and reduce the workplace accident frequency rate to 7.7.

2015 achievement:

At the end of 2015, the health and safety monitoring and improvement process covered 90% of the Group's workforce included in Occupational Health & Safety reporting, in line with the target. The frequency of workplace accidents has decreased by more than 18%, from 7.27 at the end of 2014 to 5.89 at the end of 2015. 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 reduction in frequency rate was particularly significant in Italy and the trend was also favorable in France.

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

The achievement rate for 2014 and 2015 is calculated against an average of the achievement rates of the following two objectives: a target of 80% in 2014 and 90% in 2015 of the workforce included in Occupational Health & Safety reporting as part of the monitoring process, and a target workplace accident frequency rate of 8 in 2014 and 7.7 in 2015.

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 the nature and site of the 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 demonstrate the commitment of the entire Group to improving the process of occupational risk prevention. It also seeks to guarantee the representative nature of the results reported.

The systematic analysis after a workplace accident improves occupational risk prevention measures by identifying the causes of the accident and proposing what needs to be done to prevent a similar incident occurring in the future.

Periodic professional (para)medical interviews to monitor health are key to guaranteeing that work does not have an adverse effect on employee health. It is also a requirement of ILO-OSH 2001. A Group procedure sets out the minimum rules applicable, one of which is a medical or paramedical interview at least once every five years. The next step will be the deployment of the Group directive in area(s) where it is deemed most urgent. Some subsidiaries are carrying out specific actions in this regard. In Colombia, for example, the Group's subsidiary is actively committed to the health of its employees. As such, it has set up a program and joint committee on occupational health (COPASO) involving preventive medicine in the workplace and industrial health and safety committees. Periodic health checks are carried out, as well as health awareness-raising and promotional campaigns.

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

In France and Italy, "SécuRisk" software, designed for legal and regulatory monitoring, is used to perform compliance checks. It may be offered to other countries as the need arises.

A Group directive has been drawn up to act as the framework for the **implementation of an initiative to prevent musculoskeletal disorders (MSD),** Legrand's leading cause of work injury. Crafted by a multidisciplinary working group composed of company doctors and Legrand employees representing a variety of positions (HR, production, manufacturing, accident prevention), the directive provides a screening method to identify situations that could potentially lead to MSD. It contains explanatory information on MSD which are specific to Legrand's activities. This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general all 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 the Group level is an effective part of Legrand's overall strategy to help prevent occupational risk in Group entities on an ongoing basis. This includes audits of, and/or improvements to, equipment, internal investigations or working groups focusing on occupational risk prevention, participation in exchange forums or other prevention-related conferences, measures to prevent emergency situations, and initiatives to reduce or eliminate risks.

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;
- the roll-out of the talent-management process;
- individual appraisal reviews;
- manager retention within the Group.

The policy is steered by the Group's Human Resources Department, which manages the entire spectrum of human resources, targeting in particular key positions and resources and relying on local management in each country. An HR manager responsible for social issues coordinates and implements CSR within his or her respective area.

Group priority 2014-2018

Maintain a proactive approach to managing skills and talent.

Key performance indicators:

- percentage of employees attending one or more training courses (>75% each year);
- coverage of the Group's high-potential employees and specialists by a talent-management process (>90% each year);
- individual appraisal reviews conducted for managers (>90% each year);
- manager retention (>95% each year).

Annual targets:

2014 and 2015: to train 75% of Group employees; ensure that over 90% of the Group's high-potential employees and specialists are covered by a talent-management process; conduct individual appraisal reviews for 90% of managers; keep the manager retention rate at 95%.

2015 achievement:

- 82% of employees attended one or more training courses during 2015;

- 48% of the Group's high-potential employees and specialists covered by a talent-management process;
- 88% of individual manager appraisals were conducted in 2015;
- the manager-retention rate was 96% in 2015.

The Group underperformed on this priority, mainly due to the redesign of its Organization and Staffing Review (OSR) process, which was frozen in 2014. The process was relaunched in the last quarter of 2015, covering 48% of the population in its first year. The percentage of employees having attended at least one training course has risen above the target of 75%.

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

The 2014 and 2015 achievement rates represent the average achievement rates of the above four indicators, determined in relation to a target of maintaining the coverage rate at 75% for the number of trained employees, 90% for high-potential employees and specialists covered by a talent-management process, 90% for managers covered by an individual appraisal review, and 95% for manager retention.

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 2015, 409,226 hours of training were provided at Group level.

Training is provided every year to managers, who play a vital role in identifying priority needs, recommending the development of core competencies, and maintaining and developing the commitment of their employees.

A Group support program has been designed to develop and retain the loyalty of key employees in all subsidiaries. Its goals are to strengthen the sense of belonging to the Group, develop a business network and support skills development. It concerns employees in strategic areas who need to play an intermediary role for the Group in their respective geographic regions.

Coaching programs help employees settle into new positions and also contribute to their personal development. On various sites, teambuilding activities were also implemented to support the creation of new teams and the inclusion of new challenges.

Focus: BTicino virtual university, Mexico, a new approach for training.

The BTicino University is a digital platform that allows users to attend online classes in a variety of topics (new-employee orientation program, product training, technology, sales and marketing, IT, methodologies, culture, corporate values, etc.). There is training to suit all areas of expertise. The platform is designed for the subsidiary's employees as well as its customers (installers, integrators, distributors' sales representatives, etc.). It is a powerful tool that provides information in an organized and controlled way. The University was launched in August 2014 and has around one hundred employee users and more than 50 customer users. It allows a wider target audience to be reached over a larger area, offering employees professional development in a way that is optimal in terms of cost and time.

Roll-out of a talent-management process

Optimal management of talent, i.e. employees with strong potential who are capable of taking on responsibilities at the Group level, is a key issue for the Group. As currently deployed, in the main subsidiaries, it relies on various processes and tools such as:

- the Organization and Staffing Review (OSR) process;
- Prospective Employment and Skills Management (GPEC);
- staff mobility management.

In an ever-changing environment, the aim is to maintain these processes optimally in major subsidiaries, as well as deploying them in other countries, with entities that in most cases have no local HR structure.

In order to help converge practices, Human Resources teams in more than 50 countries and managers in France use a system called TOHM (Tool of Human Management). It helps in the management of talent, in particular by managing the data (such as CVs) of Group employees and is used in the OSR process.

The OSR process is designed to match the Company's organizational needs to its resources as closely as possible and on an ongoing basis. In particular it handles:

- employee career progress;
- key-post succession planning;
- development or mobility action plans;
- the impact on jobs of upcoming organizational changes;
- certain specific situations, such as employees with high potential or particular expertise.

In 2014 Legrand redefined a number of rules and principles applicable to the OSR process. Consequently, for that year only, the process roll-out was deliberately cancelled. The process was reactivated in 2015 based on new principles that will be clearer for the Group's subsidiaries and will improve talent management. In particular, a special effort will be made in the new economies and emerging markets. HR managers in the various countries were trained in developments in this process and in the TOHM data management application, which covered 48% of the population concerned in the first year.

The implementation of Prospective Employment and Skills Management (GPEC) and its guidelines on standard duties helps identify any disparities between competencies required for each position and those of the person holding that position, and defines priority training needs. In France, GPEC is an integral part of the IAR (individual appraisal review) process. Internationally, subsidiaries use a simplified system for complying with local laws and practices.

The Prospective Employment and Skills Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment. The agreement also offers support to employees interested in external mobility – either to start their own business, take over an existing one, or switch careers – through business creation leave, flexible working hours, financing and advice. It has been renewed a number of times with supplemental agreements, 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 supports start-ups. As part of its support for entrepreneurship, Legrand is a partner of APEC (*Association pour l'Emploi des Cadres* – executive employment association) and is a member of the *Réseau Entreprendre Limousin*.

Mobility management promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance. The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility. Group 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. As a result, people in the *Volontariat International en Entreprise* (Volunteer for International Experience (VIE)) program who join the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Individual appraisal reviews for Group managers

Individual appraisal reviews (IARs) are an important management tool and help drive Company performance. They enable Human Resources to focus on annual budgetary targets and to increase personal commitment by assessing performance, setting development action plans and taking into account wishes regarding functional or geographical mobility. These individual appraisal reviews are an opportunity for dialogue between the manager and the employee.

In 2015, 88% of the Group's managers underwent an IAR, based on a standard approach to the concepts of targets, performance, skills and mobility. Countries are encouraged to develop this practice and the Group helps them set up, deploy or adapt the process. For example, countries deviating significantly from the Group standard have received specific assistance. More information about the process has been featured in internal communications.

In 2015, a new annual appraisal process was developed with the Group's different countries. This helped to raise awareness of the importance of this tool, improving the 2015 coverage rate. The new process ensures a more uniform approach to this interview, notably by including an evaluation of behavioral competencies and a performance assessment chart.

Manager retention within the Group

The remuneration policy is based on mechanisms of general increase, through collective bargaining in each country, and individual increase, based on each employee's own performance.

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 with the Board's approval. The number of grantees has therefore doubled since the scheme was first implemented, to cover more than 5% of the Group's workforce (about 1,800 people) in 2015.

More than two-thirds of allotments are currently made to employees of international subsidiaries, while approximately 40% relate to the new economies.

These elements are complemented by other schemes such as profit-sharing mechanisms, the Employee Savings Plan and the Company Investment Fund:

- profit-sharing and incentives: under French law, the 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, 2015 were €22 million, or 9% of total payroll in France in 2015;
- 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;
- employee savings plan: in 2004, the Company and its French subsidiaries set up an employee savings plan (*Plan d'Épargne d'Entreprise groupe Legrand*). In accordance with the law, this plan allows all employees of the Group in France for over three months to build savings through different investment funds (*Fonds Commun de Placement*) of their choice, managed by an accredited institutions. The sums paid into employees' savings accounts, which are by law frozen for a period of five years, may include statutory profit-sharing, discretionary profit-sharing, and voluntary payments, subject to legal limitations. Administrative costs are borne by the Company. 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 2015, this return was 5.5%. At December 31, 2015, 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:

- individual appraisal reviews (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 of the Group's sites and subsidiaries, after specific events such as major organizational changes; this has been the case for example in Italy, Turkey, Hungary and the U.S.A. over the last two 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 internal magazine *Legrand Info*, with a circulation of 20,000 copies and published in six languages;
- 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.

Focus: BTICINO Mexico receives the "Super Companies Expansion 2015" award

All of the subsidiary's employees completed an anonymous questionnaire on HR practices sent to them by the magazine *Expansion* and audited by PwC. The Group received an award in recognition of its values and efforts to improve the work environment.

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 policy on best practices for change management is currently being finalized. Several HR managers were involved in this process in 2015. When completed, it will be shared with all human resources departments in all of the Group's host countries.

For further information about human resource management, please visit www.legrand.com/EN.

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. In 2015, employees of more than 15 nationalities benefited from international mobility initiatives.

The Group also encourages the hiring of more women managers and undertakes to guarantee the same working conditions for women as those for men.

Group priority 2014-2018

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: To appoint women to 12.6% of key posts.

2015: To appoint women to 13% of key posts

2015 achievement:

At the end of 2015, 13.4% of the Group's key positions were held by women, an increase of 16.3% versus the end of 2013.

	2014	2015	2016	2017	2018
Target achievement rate	**127%**	**125%**			

The achievement rate is calculated against a reference point in 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.

At the end of 2015, women held 13.4% of the Group's key positions. 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, often dilutes the Group's performance for reasons that are often cultural or regulatory).

Promoting women to the Group's key positions is part of an ongoing action plan that joins the measures already implemented by the Group in recent years:

- **non-discrimination training and awareness for managers**: initiatives include presentations by independent experts to HR employees and staff representatives involved in negotiating Professional Equality and Sustainable Development agreements; raising awareness among new hires during orientation sessions; using dedicated tools (webcasts, testimonials, quizzes and posters); incorporating the promotion of diversity into internal communication campaigns, and organizing a gender equality week. Countries that have been involved in these initiatives include Australia, the United Arab Emirates, the United States, Germany, Italy and Canada;
- **guaranteed compliance of HR processes with the principles of non-discrimination:** production of a recruitment guide consistent with the principle of non-discrimination, written by an international working group composed of human resource managers from four countries (France, Italy, Turkey and the United States); signature of agreements on employment parity and equality, especially in France in 2012 with the renewal of agreements in 2014, and in Italy; and guidelines sent to Group managers in France during the annual pay review campaign;
- **"Elles by Legrand" committee and staff review dedicated to women:** in 2012, Legrand sought to expand its professional gender equality policy by establishing a committee chaired by the Group HR Director. It coordinates the Group's gender equality policy and sends the applications of promising female candidates to mobility committees. An annual staff review dedicated to women has also been created to identify promising, talented and high-performing female employees and provide them with career guidance;
- **establishment of a network of gender equality guarantors**: appointed to cover France, these guarantors have a mediation and advisory role, participate in the exchange of best practices, and must ensure that no discriminatory situations arise in terms of hiring, vocational training, career paths and development, access for women to positions of responsibility, compensation policy, work/life balance, or the organization of working time. The gender equality guarantors reviewed 14 potential cases of discrimination in 2015 (versus 18 in 2014), 6 of which resulted in salary adjustments being made (versus 15 in 2014);
- **training program:** since 2013 this program has resulted in 800 of the Group's French managers receiving anti-stereotyping;
- **diversity network:** created at the initiative of Group employees, this network is run by an independent firm and is funded by General Management. Called elle@legrand, the network discusses career development, assertiveness, personal fulfillment and work/life balance, and arranges mentoring, presentations and discussions with other networks. In 2015, the French network was joined by an elle@legrand network in North America and the organization of a conference that brought together more than a hundred participants. It was an opportunity to unveil the "Because I Am a Girl" initiative, an awareness-raising campaign to protect young women around the world from vulnerability and injustice linked to poverty by helping them achieve their potential. Legrand raised $12,000 from a collection held in support of the campaign.

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.

Group priority 2014-2018

Reduce the pay gap between men and women in the Group's non-managerial positions by 15%.

Key performance indicator: pay gap between men and women in the Group in non-managerial positions.

Annual targets:

2014: To reduce the wage gap to 16.4%

2015: To reduce the wage gap to 15.9%

2015 achievement:

At the end of 2015, the pay gap between men and women in non-managerial positions was 16%, a slight decline from the target. In some countries, a group of legal entities had a negative statistical effect on the gap measured.

	2014	2015	2016	2017	2018
Target achievement rate	274%	94%			

The achievement rate is calculated using a target of diminution compared to a reference point (17% observed in 2013) to the annual objectives of diminution.

This commitment applies to the Group's non-managerial population while perfectly complementing the commitment described above. Although measures to promote women to more senior positions will reduce the pay gap between men and women within the managerial population (as a result of the gender mix within the population concerned), they will not, by their nature, reduce pay gaps within the non-managerial population. Therefore, the Group has chosen to apply this commitment to non-managerial positions.

Measures to reduce pay gaps between men and women are already in place within some Group reporting perimeters. For example, for the last five years in France, an annual budget equivalent to 0.10% of payroll is used to reduce male/female inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism permitting employees to request a review of their working conditions (coefficient, compensation, career management) to ensure that these comply with the principle of non-discrimination.

The Group's goal to reduce the pay gap between men and women in the non-managerial population by 15% by 2018 goes hand in hand with the implementation in other Group entities of mechanisms similar to those employed in France since 2009.

In 2015, the Hungarian subsidiary developed a training program to promote female assembly operators to forklift driver positions, improving salary progression and gender diversity within the role.

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 special relationships with sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) in Limousin and particularly with the French association for the blind and disabled (APSAH – *Association pour la Promotion Sociale des Aveugles et autres Handicapés*). Annual contracts for service provision as well as production work are signed every year. Moreover, Legrand offers free training to the personnel of ESAT in safety rules and the use of fire fighting means. Trainees with disabilities are also integrated into the different establishments. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Under this agreement, Legrand allocates a budget for the donation of disability-related electrical equipment to refurbishment or new-build projects. For example, Legrand supplied the "La Maison des Cinq" association in Haute-Vienne with electrical equipment to build five housing units for adults with brain injuries.

The Group also set up a disability unit to steer the initiatives contained in the agreement on anti-discrimination and integration, and to raise awareness of the issues faced by disabled people both inside and outside the company. Each year, to mark the French disability awareness week, events are organized at the head office and elsewhere to change the perception of disability. Since 2010, and again in 2015, APSAH's physiotherapy-massage training institute (PMTI) has visited the Limoges site during Disabled Employment Week, and visually impaired students have offered stretching sessions to prevent musculoskeletal disorders. This relationship of trust between APSAH's PMTI and Legrand is reflected in a partnership agreement demonstrating the company's commitment to improve the perception of disability. Through the agreement, Legrand also offers PMTI's third-year students internships, which are endorsed by the Regional Health Agency. 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.

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 four quality, environment and safety managers of the SBUs, and with the Group Environment team.

All industrial sites as well as the major administrative and logistics sites larger than 15,000 m^2 contribute to Group environmental reporting by providing data on some 30 indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions, waste production, and environmental action initiatives and investments. References available in English and in several local languages provide support for the policy.

A selection of the data from this reporting is presented in section 4.6.

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. 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 the Group's industrial sites.

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: To achieve a certification rate of 87% of sites present in the Group for over five years.

2015: To achieve a certification rate of 88% of sites present in the Group for over five years.

2015 achievement:

At the end of 2015, 92% of the Group's industrial and logistics sites had been ISO 14001 certified. Two ISO 14001 certified sites have joined the scope of certification: the Shanghai site in China and the ADLEC site in India.

	2014	2015	2016	2017	2018
Target achievement rate	102%	104%			

The achievement rate is calculated against a target of 87% by the end of 2014 and 88% by the end of 2015.

Procedure

Sites of companies recently acquired by the Group must be certified within five years. New industrial sites joining Legrand are therefore assisted in their efforts to reach the required performance level through continuous improvement plans and the application of the Group's best practices and environmental techniques. This commitment represents a major ongoing effort, especially in countries where regulations and standards fall short of the criteria for ISO 14001 certification.

The set-up of an environmental management system (EMS) has two main consequences:

- it determines the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and 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, improved energy efficiency in compressed air circuits, reduced water consumption in industrial cooling systems, reducing waste production at source and setting up 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 24 sites that account for 80% of the Group's water load worldwide. This analysis has revealed that approximately 80% of the Group's water consumption occurs at industrial sites situated in zones where there is low or moderate water consumption (WSI index < or equal to 0.7). This approach enables the SBUs (Strategic Business Units) to focus their actions on the most sensitive sites in terms of their environmental impact on local water resources.

All Legrand industrial facilities are monitored for potential pollution from discharges into the water. For surface treatment workshops, water must be treated prior to discharge and treatment facilities are strictly maintained and regularly renovated. More generally, the ISO 14001 certification policy for all Group sites as described above means that water management is subject to responsible industrial processes and practices.

In 2015, the Group consumed 920,000 m^3 of water, a decrease of 9.3% at current scope compared with the figures posted in 2014, or a much more favorable change than the Group's targeted reduction of 2% per year. This decrease demonstrates the effectiveness of the actions put in place.

Like greenhouse gas emissions under the *GHG protocol* (see section 4.5.1.3), when technically possible, the main water consumption indicators related to accommodation and catering for employees at industrial sites are not taken into account.

In addition, the Group's subcontractors for surface treatment are in general, historic local suppliers, for which the same regulatory constraints are applied. Logistical proximity enables Group buyers to verify easily that these subcontractors implement a compliant and optimal effluent treatment system.

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's management intends to pool best energy practices within the Group by focusing on staff training and information-sharing. As part of its investment policy, Legrand's management also provides the necessary resources for the implementation of actions 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). Where applicable, site renovations enable a general upgrade of the building in a quest 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

Legrand has 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 Legrand'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: To reduce energy consumption by 2% relative to 2013.

2015: To reduce energy consumption by 4% in total relative to 2013.

2015 achievement:

For 2015, the energy consumption of the Group's sites was 445.1 GWh, down very slightly on 2014 (445.4 GWh). As a percentage of Group sales, energy consumption amounted to an average intensity of 98.4 MWh/million euros at the end of 2015, against 105.8 MWh/million euros of sales at the end of 2013, down 7.2% (at current scope). This change, compared with a reduction target of 2% annually, represents outperformance by the Group of approximately three percentage points and is due to the energy-saving initiatives implemented by the Group (some of which are detailed below), as well as to more favorable climate conditions in some regions.

	2014	2015	2016	2017	2018
Target achievement rate	315%	175%			

The achievement rates for 2014 and 2015 are calculated against a targeted 2% reduction between 2013 and 2014 and 4% in total between 2013 and 2015.

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 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. Legrand scored 95C in 2015, compared with 89C in 2014. This represents a significant improvement for the fifth consecutive year in our ability to pinpoint our energy consumption and carbon emissions levers (hence the increase in our "disclosure" score from 89 to 95). 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].

(1) excluding these specific emission factors, the French environmental agency's emission factors for France are taken into account.

In all, scope 1 and 2 emissions accounted for 167,000 metric tons in 2015, as against 163,000 metric tons in 2014.

This total includes GHG (Greenhouse Gas) emissions related to the sales force's vehicles and the estimated leakage of refrigerants used in cooling 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 emissions percentage): raw materials (44.5%), purchased goods and services (33.6%), logistics (13.6%), product end-of-life (3.3%), capital expenditure (2.4%), commuting (1.5%), upstream losses for production and transportation of fuels and downstream losses for electricity, business travel and waste(1) (1.1%). It should be explained that the item "use of products sold", which is very limited on the whole given the nature of the Group's products, is not taken into account.

In 2015, scope 3 emissions totaled 1,845 million metric tons of CO_2 equivalent and were therefore significantly higher than scope 1 and 2 emissions.

With regard to CO_2 emissions linked to shipping the Group's products, and more specifically regarding emissions linked to outbound shipping (i.e. from one Group site to another, and from Group's sites to customers), those facially increased by around 11%, from 89 Ktons in 2014 to 98,6 Ktons at the end of 2015. It is to be noted that a methodological correction has been taken into account which led to the 13% decreased observed in 2014. Over 2 years, the evolution is -4,3%, coming for the most part to a reduced use of air freight.

The Group constantly strives to:

- simplify its logistics flows to reduce the distances traveled by products and components between production and storage sites in sales areas; it also analyzes the "overall cost," which takes environmental criteria into account;
- consolidate the different manufacturing stages into a single location, thus reducing transportation between sites.

Actions to optimize logistics are also consistently encouraged, such as:

- optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries;
- using rail transport, particularly between Paris and Italy (Milan), 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: Legrand signs climate manifesto

On the eve of the United Nations Climate Change Conference in Paris (COP21), Legrand signed the climate manifesto and thus joined 39 other major French companies that are resolutely committed to the fight against climate change. By doing so, the Group pledged its support to help make COP21 a success and to limit global warming to 2°C. This confirms its key leadership role in the fight for a more sustainable world.

The Group is also one of the signatories of the "Business for COP21" charter. Its initiatives are listed on the United Nations' official website "International Climate Action".

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

(1) 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.

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.

In 2015, the Group – which is not particularly energy intensive – embarked on a project to measure the carbon footprint of its product development. This will be evaluated on the basis of an internal carbon price. The aim of the project is first to educate internal teams on the impact and carbon sensitivity of the Group's product development. Second, the plan is to include this carbon cost among the levers used to refocus investment and R&D, where necessary.

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.).

Gray biodiversity can be assessed based on PEP (Product Environmental Profiles). The various impact indicators of these (intermediate indicators) – such as air or water toxicity or eutrophication – are used to estimate the potential harm to ecosystem diversity (damage indicators).

With more than half of its sales covered by PEPs at the end of 2015, the Group has a relatively broad gauge of its biodiversity footprint to make an indirect assessment.

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 have long life spans (typically several decades), since they tend to be used in building infrastructure. This characteristic makes the issue of product obsolescence somewhat irrelevant for Legrand and contributes de facto to responsible use of non-renewable resources. Electrical systems are adaptive over the entire lifetime of a building. The Group's new products also allow additional functionality to be incorporated within existing infrastructure, thereby avoiding the blanket obsolescence of the facility. Finally, the role of standards and regulations is fundamental for safety products, as is a significant part of the Group's offering. Continual changes in these standards and regulations rule out any market for reconditioned products.

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 recovered (target: > 80% annually);
- share of Group sales[1] compliant with the RoHS regulation (target: 100% in 2018);
- deployment of eco-design principles to all Group R&D centers (target: 100% by the end of 2018).

Annual targets:

2014: To recycle 80% of waste; achieve a 92% sales coverage rate in compliance with RoHS regulations; evaluate 100% of R&D centers according to eco-design principles.

2015: To recycle 80% of waste; achieve a 94% sales coverage rate in compliance with RoHS regulations; put in place priority 1 practices (see details below) in 80% of R&D centers.

2015 achievement:

87% of waste was recovered in 2015 which confirms the solid performance of previous years. At the end of 2015, 84% of its sales[1] were generated from products complying with restrictions on the use of substances under RoHS regulations, lagging behind the Group's target of 94%. The Group's acquisitions policy affected performance, with the integration of companies that are not subject to these regulations and that sell products containing the substances covered by the RoHS Directive. Fully 50% 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 actions focused on building the skills of the centers, particularly for staff at Minkels and Numeric, the new Dutch and Indian companies recently acquired by the Group.

	2014	2015	2016	2017	2018
Target achievement rate	100%	87%			

Achievement rates for 2014 and 2015 are calculated as the average achievement rates for the above three indicators (determined in relation to each of the three 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 sensitive issue for Legrand, especially on its industrial sites. Sorting instructions are regularly updated to maintain a historically high rate of recycling in the Group. Some 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. On the other hand, scrap from the metal cutting process is considered production waste and is systematically recycled outside the company.

For example, the Group's Italian subsidiary, BTicino, has 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.

(1) Including Group products and services outside the scope of RoHS regulations.

In terms of results, environmental reporting has revealed that the gross amount of waste generated in 2015 was 51.3 thousand metric tons, a change of -0.7% over 2014 at current scope.

The impact of initiatives on the ground is nevertheless visible in terms of the waste recycling rate, which was at the already high level of 86% in 2014 increased to 87% in 2015. The Group's goal is to maintain a minimum rate of 80% for the duration of its roadmap.

Legrand makes every effort to collect and recycle its products at the end of their life. Historically, the Group is a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries). 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 Recylum. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sales forces are trained to promote membership of the Recylum network among their customers. The Récylum network in France comprises over 2,000 collection points at the Group's electrical equipment wholesalers and more than 1,500 at its 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.

Lastly, the product environmental profiles (PEPs) developed by the Group (covering 55.5% of the Group's total sales at the end of 2015 – see section 4.2.1.3. of this document) are information tools specially 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.

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.

Traceability and disposal of hazardous substances

RoHS Directive

The Group complies with all restrictions on the use of hazardous substances, in particular the European Directive 2002/95/EC on RoHS (Restriction of Hazardous Substances). Today, this affects a very limited part of the Group's product offering. Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not. As a result, in 2007 the Group adopted lead-free welding processes, while the use of lead-free PVC (mainly in the manufacture of cable management profiles) was extended throughout the Group from 2009.

The Group reaffirmed this voluntary commitment by including in 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 2015, 84% of sales were generated from products that did not contain these substances (against a target of 94%). The Group's acquisitions policy affected performance, with the integration of companies that are not subject to these regulations and that sell products containing the substances covered by the RoHS Directive. Conversely, the Group's products within the scope of this Directive are all consistent with the requirements of the RoHS Recast Directive (2011).

REACH Regulation

Legrand takes into account the requirements of the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation 1907/2006 and takes all necessary measures to be in compliance. As a proactive player in this process, the Group goes beyond regulatory requirements. For example, as part of its development of future products, it has undertaken to remove any substances included in the REACH "candidate list" whenever a technically and economically viable alternative is available.

Legrand is therefore also involved in the application of the European REACH regulations, in particular by facilitating the transmission of data on the relevant substances used in its economic chain (upstream and downstream). This includes:

- arranging the collection from strategic suppliers of Material Safety Data Sheets on substances and preparations, such sheets being key components of REACH for transmitting product information;
- providing the Group's European customer service departments with a customer response system connected to the Group's intranet site covering all brands. This ensures transmission of the most up-to-date information;
- posting a full page dedicated to REACH on the Legrand website for the use of all stakeholders.

To 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. In 2015, actions began to focus on building the skills of its centers, particularly for staff at Minkels and Numeric, the new Dutch and Indian companies recently acquired by the Group. By the end of 2015, priority 1 practices had been put in place for 50% of the Group's R&D centers (compared with a target of 80%). 52% of these teams have already implemented priority 2 practices, with a target of 30% by the end of 2016.

Following on from this second assessment and in light of the results, action plans have been launched so that R&D centers can acquire the necessary missing skills and know-how. The goal is for at least 80% of these centers to fulfill, as a minimum, priority criteria 1 and 2 by 2018.

Of those criteria, eco-design is the most significant. An eco-designed product is a product which, on the basis of multi-criteria indicators, has a reduced environmental impact for each stage of its lifecycle (production, distribution, use, maintenance and end of life – according to the methodology in the ISO 14040 standard). The comparison refers to the older generation of the product or a targeted competitor's product, or even the industry standard product (as established by a trade association or a standard such as NF, BAES, etc.).

In the end, only the most carefully developed products from an environmental perspective can claim the title of "eco-designed", thus providing a constant challenge for Legrand R&D teams.

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 reporting** periodically consolidates statistical data on occupational risk prevention. It covered 100% of the Group's workforce (excluding acquisitions under three years), in 2015, with 144 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 2015, 12 entities joined the scope of reporting. These consist of 10 entities that joined the Group in 2012 (Daneva in Brazil, six Numeric entities in India, two Minkels entities in the Netherlands, and the Nuvo Technologies site in the United States) and two additional reporting entities that were created to improve coverage of the areas concerned (Guaxupe in Brazil and the Lithuania Region, covering the Baltic States, Estonia and Lithuania);
- **Human Resources reporting** periodically consolidates statistical data on human resources management. It covered 96.8% of the Group's workforce in 2015. 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 2015: Tynetec, Daneva, NEAT Spain, NEAT Germany, NEAT Sweden, SJ Manufacturing and Lastar Inc. No entity left the scope of consolidation in 2015;
- **Environmental reporting** periodically consolidates statistical data on the environment. It concerns production sites, administrative sites with over 200 people, and storage sites larger than 15,000 m^2. New acquisitions are integrated between one and three years following the year of entry into the Group's scope of consolidation. Three units were added in 2015: Daneva in Brazil, Aldlec in India and SLEC in China. No entity left the scope of consolidation in 2015;
- 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 Prevention scope of reporting, which covers all Group employees excluding acquisitions under three years (i.e. 30,490 people at the end of 2015). This is consistent with the integration rules described in section 5.6.1 of this Registration Document.

	2013	2014	2015
Occupational risk management plan (% of Group workforce covered by this plan)	91.3%	95.3%	90%
Health/safety monitoring and improvement process (% of Group workforce covered by this process)	73.2%	94.4%	90%
Health and Safety Committees: (% of Group workforce represented by a Health and Safety Committee)	91.9%	91.1%	87%
Workplace health: (Number of people who have had a (para)medical review within the last five years)	73.8%	71.8%	70.4%
Frequency of workplace accidents leading to absence: (Number of accidents x 1,000,000)/(Hours worked)	8.37	7.27	5.89
Severity of workplace accidents: (Number of days absence x 1,000)/(Hours worked)	0.22	0.22	0.15
Frequency of accidents suffered by subcontractors: (Number of subcontractor accidents occurring on a Group site x 1,000)/ (Number of employees on the Legrand site in question)	2.86	1.70	1.74
Training: Number of health & safety training hours per person	3.3	3.1	2.5
Work-related illnesses: (Number of recognized work-related illnesses)	62	61	88
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 prevention reporting, with the exception of a few cases of isolated or seconded employees;
- 144 entities are included in the scope of reporting;
- professional risks monitoring plan: two additional criteria were taken into account when assessing this indicator, which led to a slight reduction for 2015;
- the integration of new reporting entities that have been part of the Group for three years has a significant and mostly negative impact on performance;
- the frequency of accidents suffered by subcontractors is in progress in terms of reliability and must be analyzed with caution;
- the work-related illness indicator should be treated with care, given the variety of national regulations. A special effort will be made in 2016 to identify the illnesses actually caused by working for Group entities.

4.6.2.2 INDICATORS ON EMPLOYMENT, THE ORGANIZATION OF LABOR, LABOR RELATIONS AND TRAINING

Group workforce at the end of 2015

The Group specifically applies the concept of "registered workforce", which includes employees with both fixed-term and open-ended employment contracts. The total registered workforce at the end of 2015 was 32,667 people.

The table below shows the average headcount, including temporary workers, employed by the Group between 2013 and 2015. The table gives a breakdown of the workforce by geographical location and main business sector.

	2013	2014	2015
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**35,869**	**36,476**	**36,097**
By geographical location:			
France	6,035	5,797	5,700
Italy	2,837	2,753	2,800
Rest of Europe	5,575	5,438	5,265
United States and Canada	2,629	3,137	3,312
Rest of the World	18,793	19,351	19,020

	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%**	**81%**	**19%**
By geographical location:						
France	85%	15%	84%	16%	84%	16%
Italy	82%	18%	81%	19%	83%	17%
Rest of Europe	77%	23%	76%	24%	75%	25%
United States and Canada	79%	21%	78%	22%	77%	23%
Rest of the World	81%	19%	82%	18%	82%	18%

The tables below summarize the main indicators for the Group in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 96.8% of the overall workforce, or 31,636 people. Note that HR reporting does not include acquisitions completed in 2015.

Working hours – Worldwide

	2013	2014	2015
% of employees working full-time	97.7%	97.7%	97.5%
% of employees working part-time	2.3%	2.3%	2.5%

Additional note: the definition of full time and part time is given in the HR reporting user guide.

Absenteeism – Worldwide

	2013	2014	2015
ALL JOB CATEGORIES	**2.98%**	**3.06%**	**3.69%**

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.

The absenteeism indicator covered 92% of staff at the end of the HR reporting year. In 2015, the control methods were strengthened by this indicator

Social dialogue and freedom of association – Worldwide

	2013	2014	2015
% of employees covered by a collective bargaining agreement and/or convention	54%	57%	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

	2013	2014	2015
% of reporting scopes with consultation rules	25%	24%	17%

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

	2013	2014	2015
% of non-managers on minimum wage	2%	1%	1.6%

Additional notes:

- *11 reporting scopes have employees on minimum wage;*
- *this indicator covers 92.9% of the Group's non-managers.*

Compensation by gender and occupational category – Worldwide

	2013	2014	2015
Wage gap between male and female managers	16%	13%	14.3%
Wage gap between male and female non-managers	17%	15.5%	16%

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

	2013	2014	2015
Mature countries	40%	40%	41%
New economies	60%	60%	59%
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

	2013	2014	2015
Managers	25%	25%	26%
Non-Managers	75%	75%	74%

Additional note: the breakdown of professional categories is included in the HR reporting user guide.

Breakdown by age – Worldwide

	2013	2014	2015
Employees < 26 years	10%	10%	10%
Employees ≥ 26 years and < 36 years	31%	31%	30%
Employees ≥ 36 years and < 46 years	30%	30%	30%
Employees ≥ 46 years and < 56 years	21%	21%	22%
Employees ≥ 56 years	8%	8%	8%

Additional note: the age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2013	2014	2015
Open-ended Worldwide	81%	82%	83%
Fixed-term Worldwide	19%	18%	17%

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 2015 (hirings and departures) – Worldwide

	2013	2014	2015
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding amending of fixed-term into open-ended contracts)	42%	40%	38%
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	17%	22%	21%
Open-ended contract turnover	12%	13%	14%

In 2015:

- *the total number of hires was 5,657;*
- *the number of open-ended contracts among new hires on open-ended and fixed-term contracts totaled 2,155;*
- *the number of fixed-term contracts amended to open-ended contracts was 563.*

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*	2013	2014	2015
Of which resignations	42%	37%	33%
Of which retirement	7%	6%	7%
Of which other departures	51%	58%	60%
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 2015, the total number of departures was 7,102 for all reasons and all types of contracts combined (out of which, 28% refer to dismissals for personal reasons, layoffs for economic reasons, and fixed-term contracts broken by the employer before the pre-determined term). Out of that total, 3,912 departures concerned open-ended contracts; 3,190 departures concerned fixed-term contracts, of which 69% took place within 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

	2013	2014	2015
Percentage of women among persons hired	51%	54%	55%
Percentage of men among persons hired	49%	46%	45%

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)

	2013	2014	2015
Number of training hours per employee (Worldwide)	14 hours	12 hours	13 hours
Number of training hours per employee – Managers	19 hours	18 hours	17 hours
Number of training hours per employee – Non-*managers*	12 hours	10 hours	12 hours
Percentage of the Group's workforce receiving training during the year	65%	65%	82%

Talent management – Worldwide

	2013	2014	2015
Rate of Individual Appraisal Reviews (IARs) – Managers	89%	85%	88%
Percentage of experts and talent managed by the OSR (*Organization and Staffing Review*) system.	51%	N/A*	48%
Manager-retention rate	95%	96%	96%

* *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

	2013	2014	2015
Women	36%	36%	37%
Men	64%	64%	63%

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2013	2014	2015
Female employees < 26 years	5%	5%	5%
Male employees < 26 years	6%	6%	5%
Female employees ≥ 26 years and < 36 years	11%	11%	11%
Male employees ≥ 26 years and < 36 years	20%	20%	19%
Female employees ≥ 36 years and < 46 years	10%	10%	10%
Male employees ≥ 36 years and < 46 years	20%	20%	20%
Female employees ≥ 46 years and < 56 years	7%	7%	7%
Male employees ≥ 46 years and < 56 years	13%	13%	15%
Female employees ≥ 56 years	3%	3%	3%
Male employees ≥ 56 years	5%	5%	5%

Additional note: at the end of 2015, the average age of male employees was 40.45 years, compared with 39.01 years for female employees.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2013	2014	2015
Percentage of female managers	21%	22%	22%
Percentage of male managers	79%	78%	78%
Percentage of female non-managers	41%	41%	42%
Percentage of male non-managers	59%	59%	58%
Percentage of women in key positions	11.5%	12.9%	13.4%

Percentage of disabled workers – Worldwide

	2013	2014	2015
Percentage of disabled workers	2.57%	2.23%	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 7.94% at the end of 2015, above the legal minimum of 6% (as provided by law, including subcontracting with the protected sector). Note that this rate is computed based on 99% of the Group's workforce in France.

4.6.3 - Overview of environmental indicators

The tables below show the main Group environmental indicators. All data correspond to the Environment reporting scope, which covers over 93% of the Group's production cost, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent, which cover 100% of the Group's activities.

For more information on rules on integrating new acquisitions into the reporting process, please refer to section 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.

	2013	2014	2015
Energy consumption *(GWh)*	472	445	445
Direct energy consumption (mainly gas) *(GWh)*	195	179	179
Indirect energy consumption (mainly electricity) *(GWh)*	277	266	266
Total CO2 emissions for scopes 1 and 2 of the carbon assessment *(in thousands of metric tons equivalent of CO_2)*	188*	163*	167*
Emissions from product transport *(in thousands of metric tons equivalent of CO_2)*	103.0	89	98.6
CO_2 emissions linked to energy consumption *(thousands of metric tons equivalent of CO_2)* scopes 1, 2 and 3 of the carbon assessment	1,859	1,887	2,012
ISO 14001-certified sites *(%)*	87%	88.5%	91.8%
Water consumption *(in thousands of m^3)*	1,128	990	920
Waste produced *(in thousands of metric tons)*	49.9	51.6	51.3
Waste recovered *(%)*	85%	86%	87%
Volatile Organic Compounds (VOCs) *(in metric tons)*	89	125	117

* *Recovery complies with the requirements of the GHG Protocol.*

Additional notes:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of year Y-1 and of the first three quarters of year Y;
- a total of 20 new sites (related to Legrand's acquisitions) were certified accordingly between 2011 and 2015, including Fairfield in the United States, Caxias do Sul in Brazil, Wuxi and Huizhou and Shanghai in China, Preston in Australia, Kosice in Slovakia, Nashik, ADLEC in New Delhi and the five Numeric sites in India. At the end of 2015, 91.8% 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

	2013	2014	2015
Share of Group sales generated by products with PEPs	47%	52%	56%
Share of Group sales compliant with the RoHS regulation	90%	85%	84%

The drop since 2013 in the share of Group sales compliant with the RoHS regulation was primarily due to the integration into the Group's business portfolio of products from recent acquisitions. From a regulatory perspective, these products do not fall within the RoHS directive's scope of application. The elimination of RoHS substances contained in these products is a voluntary commitment by the Group.

4.6.3.3 ENVIRONMENTAL INDICATORS – OTHER

	2013	2014	2015
Environment-related contingency provisions and guarantees *(in millions of euros)*	13.0	13.8	10.8
Convictions, fines, closures	0	0	0

For more information on the management of environmental risks, please refer to section 4 of this Registration Document.

4.6.4 - Article 225 – GRI – Cross-reference table

Obligations under Article 225 of the Grenelle 2 Law		Sections of the Registration Document	Global Reporting Index GRI G4
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 - 45.4 - 4.4.3 - 45.5	G4-1, G4-2, G4-14 to 16, G4-24 to 27, G4-34, G4-37 to 41, G4-44 to 45, G4-47, G4-49, G4-51, G4-53, G4-56 to 58

*Note: The topics marked with an * above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 4.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G4
Labor relations	a) Workforce	Total workforce	4.6.2	G4-10
		Breakdown of employees by gender, age and geographical location	4.6.2	G4-10
		New employee hiring and layoffs	4.6.2	G4-LA1
		Employee compensation and salary progression	4.4.3 - 4.6.2	G4-EC1, G4- EC3, G4-EC5
	b) Work organization	Working hours	4.4 - 45.6.2.	G4-10
		Absenteeism	4.4 - 4.6.2	
	c) Labor relations	Organization of social dialogue	4.4.1	G4-11
		Collective bargaining agreements	4.4.1	G4-LA4
	d) Health and safety	Health and safety conditions	4.4.2 - 4.6.2	G4-LA5
		Agreements signed	4.4.2 - 4.6.2	G4-LA8
		Workplace accidents	4.4.2 - 4.6.2	
	e) Training	Total number of training hours	4.4.3 - 4.6.2	G4-LA9
		Training policies	4.4.3	
	f) Equal treatment: measures taken to promote:	Equality between men and women	4.4.3 - 4.6.2	G4-LA13
		Employment and integration of disabled people	4.4.3 - 4.6.2	G4-LA12
		Prevention of discrimination	4.4.3 - 4.6.2	G4-LA12
	g) Promotion and compliance with the International Labour Organization's (ILO) fundamental conventions	Promotion of freedom of association and the right to collective bargaining	4.4.1	G4-11, G4-LA5
		Elimination of discrimination in employment and occupation	4.4.1 - 4.4.3	G4-LA12, G4-LA13
		Elimination of forced or compulsory labor	4.4.1	
		Effective abolition of child labor	4.4.1 - 4.3.2	

*Note: The topics marked with an * above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 4.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G4
Environmental aspects	**a)** General environmental policy	■ Company organization to take environmental issues 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	G4-EN31
		■ Amount of provisions and guarantees for environmental risks	4.6.3	G4-EN29
	b) Pollution and waste management	■ Measures to prevent, reduce, or compensate for air, water, and soil emissions severely affecting the environment	4.5.1 - 4.6.3	G4-EN20, G4-EN21, G4-EN23, G4- EN24, G4-EN25
		■ Measures to prevent, recycle, and dispose of waste	4.5.1 - 4.5.2 - 4.6.3	G4-EN23 to 25
		■ Taking account of noise* and other sources of pollution specific to an activity, where relevant	4.5.1 - 4.6.3	
	c) Sustainable use of resources	■ Water consumption and water supply according to 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	G4-EN3, G4- EN4
		■ Land use*	4.5.1 - 4.6.3	
	d) Climate change	■ Greenhouse gas emissions	4.2.1 - 4.5.1 - 4.6.3	G4-EN15, G4-EN16, G4-EN 17, G4- EN20, G4-EN21
		■ 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	

*Note: The topics marked with an * above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 4.1.1. for more information on this decision.*

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G4
Social commitments to sustainable development	**a)** Regional, economic and social impact of the activity	■ Employment and regional development	4.3.3	G4-EC5
		■ On neighboring and local populations	4.3.3	G4-EC1 and G4-EC9
	b) Relations with interested parties	■ Conditions of dialogue with interested parties	4.1.2	G4-PR5
		■ Partnership or corporate philanthropy	4.3.3	G4-EC1 G4-14 to 16
	c) Subcontracting and suppliers	■ Incorporation of social and environmental issues in purchasing policies	4.3.2	G4-EC9
		■ The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	4.3.2	G4-20, G4-21 and G4-24
	d) Fair practices	■ Actions taken to prevent corruption	4.3.1	G4-SO3 to G4-SO5 and G4-SO7 and G4-SO8
		■ Measures to promote consumer health and safety	4.2.1	G4-PR1, G4-PR3, G4-PR6, G4-PR7
		■ Other actions to promote human rights	4.4.1	

*Note: The topics marked with an * above are topics for which Legrand does not publish specific information because they are not relevant for the Group, given its activity. Please refer to the introduction of section 4.1.1. for more information on this decision.*

Note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for electrical equipment, control-command and related services), the Legrand Group helped draw up the sector's CSR reporting guide. This guide follows the structure of Article 225 of the Grenelle 2 Law as presented above and clarifies the approach adopted ("comply or explain"), based on the degree of relevance and appropriateness of each issue, including those issues specific to Legrand's sector.

4.6.5 - Global Compact principles and corresponding sections of this Registration Document

Global Compact principle	Sections of the Registration Document
1. Businesses should support and respect the protection of internationally proclaimed Human Rights	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

4.6.6 - 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. Guarantee 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, 2015

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 3-1048[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2015 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 Sustainable Development & Strategic Processes Team.

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 2015 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 six persons and was conducted between November 2015 and March 2016 during a fourteen-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information and our limited assurance conclusion.

(1) whose scope is available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological elements presented in the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around thirty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (presented in Appendix 1):

- at parent entity and sites level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities and sites selected by us (presented in Appendix 2) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 33% of headcount and between 17% and 32% of quantitative environmental data.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

3. Limited assurance attestation on the 2015 achievement rates of the 2014-2018 Roadmap

Nature and scope of our work

Regarding the 2015 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 2015 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 2015 achievement rates of the 2014-2018 Roadmap, taken as a whole, are not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 17 2016

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 31/12/2015
- Hirings (Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts)
- Departures (of which resignations, retirements and other departures)
- Number of training hours per employee (Worldwide)
- Percentage of the Group's workforce receiving training during the year
- Absenteeism (all job categories)

Quantitative environmental information

- Water consumption (m^3)
- Direct and indirect energy consumption (GWh)
- Total CO_2 emissions for scopes 1 and 2 of the carbon assessment (t of CO_2 equivalent)
- Volatile Organic Compounds (VOC) (metric t)
- Waste produced (metric t)
- Waste recovered (%)

Quantitative societal information

- The total budget allocated to charitable activities in monetary or material donations in 2015

Qualitative information

- Occupational health and safety conditions
- Union representation and social dialogue
- Raw materials consumption and resource efficiency
- Greenhouse gas emissions (scope 3)
- Climate change and mitigation strategy
- Responsible purchasing policy, supplier relations
- Data protection
- Threats to Human Rights mapping

Appendix 2

The sample of selected entities and sites is presented below:

Quantitative health and safety information:

Firelec (Russia), Kontaktor (Russia), Diadema SMS (Brazil), Haridwar IndoAsian (India), Murthal IndoAsian (India), Limousin (France), BTicino (Italy)

Other quantitative social information

Firelec (Russia), Kontaktor (Russia), Diadema SMS (Brazil), Haridwar IndoAsian (India), Murthal IndoAsian (India), France, Italy

Quantitative environmental information:

Firelec (Russia), Kontaktor (Russia), Diadema SMS (Brazil), Haridwar IndoAsian (India), Murthal IndoAsian (India), Varese (Italy), Magré 123 (France)

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

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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, 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 - 2015 HIGHLIGHTS

2015 achievements

Legrand's 2015 financial performance is fully in line with Group targets: organic growth in sales was +0.5% (target specified in November 2015: "-1% to +1%") and adjusted operating margin before acquisitions (at 2014 scope of consolidation) was 19.4% (target specified in November 2015: "at least 19%").

With varied market conditions from one geographical region to another, Legrand once again demonstrated its capacity to create value. Thus total sales, adjusted operating profit, net income excluding minorities and free cash flow all increased, rising by close to +7%, +6%, +4% and +10%, respectively.

In 2015, the Group's consolidated sales totaled €4,809.9 million compared with €4,499.1 million in 2014, up 6.9%, with changes in scope of consolidation accounting for +1.5%, organic growth +0.5%, and exchange rates +4.7%.

Adjusted operating profit stood at €930.4 million for full-year 2015, rising +5.7% from 2014. This reflected value creation generated by the Group that was driven in particular by a strong +38% rise in adjusted operating profit in the United States/Canada region. Taking acquisitions into account, the 2015 adjusted operating margin came to 19.3% of sales.

Net income excluding minorities for 2015 is up +3.6% from 2014 at €550.6 million, or 11.4% of sales.

Normalized[1] free cash flow stood at €617.2 million in 2015, or 12.8% of sales, in keeping with the Group's ambition of generating normalized free cash flow of between 12% and 13% of sales. Cash flow from operations was also robust at €750.0 million or 15.6% of 2015 sales.

Capital employed was under control:

- working capital requirement as a percentage of sales was in line with the Group's ambition, i.e. below or equal to 10% excluding acquisitions (7.1% reported in 2015, including some favorable non-recurring items);
- capital expenditure as a percentage of sales, 2.8% in 2015, was in line overall with the Group's ambition, i.e. 3% to 3.5%.

Stepping up initiatives linked to new technologies

Legrand is convinced that new technologies, in particular digital ones, significantly increase the value-in-use of its products for users. As a result, the Group has decided to accelerate the pace of its investments in this area—innovation, with the launch of the Eliot[2] program; acquisitions with, in particular, the purchase of Raritan and QMotion; signature of strategic partnerships; participation in many technological alliances; and investment in a round of financing for Netatmo. It is within this framework that Legrand set ambitious targets, such as achieving double-digit average total annual growth in sales for connected products by 2020. At year-end 2015, the Group's achievements are ahead of schedule in its development plan.

(1) Based on a constant 10% ratio of working capital requirement to sales, at constant scope of consolidation and exchange rates.

(2) Eliot is a program launched by Legrand in 2015 to speed up deployment of the Internet of Things in its offering.

Ongoing industrial transformation of the Group

As initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity and optimal use of capital employed, thanks to the new industrial organization implemented in 2014. In total, benefits generated by this industrial transformation 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 all under control.

Non financial performance

Corporate Social Responsibility (CSR) challenges are built into Legrand's strategy, and since 2014 have been integrated into a new multi-year roadmap for the period 2014-2018. At once ambitious and innovative, this new roadmap incorporates, in particular, priorities targeting end-users and their way of life. It reflects the Group's commitment to responsible, sustainable use of electricity in buildings, plus care for the environmental impact of its own operations and for all of its stakeholders, in particular teams operating around the world.

At the end of 2015, the Group's achievements were ahead of the expected development plan, with a global achievement rate of 120%[1] of targets set in the roadmap (as a reminder, the roadmap comprises 21 targets with annual milestones). This reflects Legrand's commitment to pushing ahead on all fronts in meeting its CSR commitments.

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 2014 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 Russia, Turkey, the United Kingdom, Spain, Belgium, the Netherlands, Germany, Poland, Switzerland and Austria);
- the United States and Canada; and
- Rest of the World (mainly including India, China, Brazil, Australia, Mexico, Chile, Saudi Arabia, Colombia, Egypt, the United Arab Emirates, Malaysia and Peru).

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 - 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.

(1) For more detailed data, visit legrand.com

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, 2015 and 2014. Sales "by destination" means all sales by the Group to third parties in a given geographic market.

	Legrand Year ended December 31			
	2015		2014	
(in € millions, except %)	€	%	€	%
Net sales by destination				
France	892.4	18.6	911.3	20.3
Italy	470.8	9.8	462.5	10.3
Rest of Europe	824.8	17.1	825.4	18.3
United States and Canada	1,118.7	23.3	853.1	19.0
Rest of the World	1,503.2	31.2	1,446.8	32.1
TOTAL	**4,809.9**	**100.0**	**4,499.1**	**100.0**

5.3.2.2 COST OF SALES

Cost of sales consists primarily of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 67% of consolidated cost of sales over the last two financial years. Likewise, on average approximately 70% of the cost of raw materials and components relates to components and semi-finished goods, and approximately 30% relates to raw materials. The breakdown between raw materials, components and semi-finished products varies according to the product mix, trends in market prices and choices for industrial organization, in particular with the systematic application of a "make or buy" approach to all projects.

Legrand purchases some of its raw materials and components locally. However, Company policy is to increase the percentage of raw materials and components purchased by the Group on world markets in order to benefit from economies of scale. The cost of raw materials and components may also fluctuate with macro-economic trends.

Production costs. In general, these costs change on an aggregate basis in proportion to fluctuations in production volumes and due to inflation, and decline as a result of productivity initiatives and economies of scale associated with the increase in production volumes.

Other items included in production costs are:

- depreciation of fixed assets;
- subcontracted added value; and
- other general manufacturing expenses, such as expenses linked to energy consumption.

The main factors that influence cost of sales, in particular as a percentage of net sales, include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of 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 aimed at improving Group operating efficiency, through the implementation of best practices to improve productivity and inventory management optimization; and
- product life cycles.

5.3.2.3 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling expense consists essentially of the following:

- salary costs and benefit charges for administrative staff and sales personnel;
- expense relating to logistics, information systems and miscellaneous expenses;
- advertising expense;
- amortization of intangible assets, such as trademarks revalued following acquisitions; and
- other selling expense, such as printing costs for catalogs and expense incurred in connection with travel and communications.

5.3.2.4 RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense consists principally of the following:

- salary costs and benefit charges for research and development employees;
- miscellaneous expense related to research and development, such as software, prototypes and patent registration costs, less R&D tax credits available in various countries;
- expense related to the use and maintenance of administrative offices, as well as expense related to information systems, in each case, concerning research and development activities; and
- amortization of capitalized development expense. Costs incurred on significant development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project, considering its technical, commercial and technological feasibility, will be a success, and the costs can be reliably quantified. Once these conditions are satisfied, a portion of the relevant development expense is capitalized. Development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period of its expected benefit, not exceeding a period of ten years.

5.3.2.5 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense includes restructuring expense and other expense and provisions.

5.3.2.6 OPERATING INCOME

Operating income consists of net sales, less cost of sales, administrative and selling expense, research and development expense, and other operating expense. Operating income does not include net financial expense (described below).

5.3.2.7 NET FINANCIAL EXPENSE AND EXCHANGE GAINS (AND LOSSES)

Net financial expense principally corresponds to financial expense related to Yankee bonds; the 2010, 2011, 2012 and 2015 bond issues; the 2011 credit facility; 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. In December 2015, the Group issued a new 12-year €300 million bond, with a 1.875% annual coupon, that will be redeemed *in fine*.

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.

5.3.2.8 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

In the discussion below, changes in net sales are analyzed by distinguishing variations due to changes in the scope of consolidation, organic growth (changes in net sales "using constant scope of consolidation and exchange rates"), and the impact of exchange-rate variations between the euro and other currencies. The Company believes that this measure is a useful tool for analyzing changes and trends in its historical consolidated net sales over different periods. Measures of organic growth are computed by making the following adjustments.

5.3.2.8.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income only for the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope 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.

5.3.2.8.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope 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.

5.3.2.8.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope 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.

5.3.2.8.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the divested company in the prior period.

5.3.2.8.5 Activity suspended during the current period

Where activities are suspended during the current period, the net sales of the activity suspended are reflected in the consolidated statement of income only for the period up to suspension. The calculation of the change in consolidated net sales at constant scope 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.

5.3.2.8.6 Activity suspended during a prior period

Where activities were suspended during the prior period, the net sales of the activity suspended are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the activity suspended in the prior period.

5.3.2.8.7 Using constant exchange rates

Consolidated historical net sales include the effects of exchange rate differences between the euro and other currencies. To analyze the variation of consolidated net sales excluding the effects of these exchange rate changes, Legrand uses constant exchange rates (calculated by adjusting net sales reported for a given financial year using the exchange rates for the prior financial year) to compare year-to-year changes in net sales.

5.3.2.9 BREAKDOWN OF CHANGES IN NET SALES FROM 2014 TO 2015

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 2014 and 2015.

	Year ended December 31					
Net sales *(in € millions except %)*	2014	2015	Total change	Scope of consolidation	Organic growth	Impact of exchange rates
France	911.3	892.4	(2.1)%	0.4%	(2.5)%	0.0%
Italy	462.5	470.8	1.8%	1.0%	0.8%	0.0%
Rest of Europe	825.4	824.8	(0.1)%	1.3%	2.0%	(3.3)%
USA/Canada	853.1	1,118.7	31.1%	4.5%	5.0%	19.5%
Rest of the World	1,446.8	1,503.2	3.9%	0.8%	(1.2)%	4.3%
CONSOLIDATED TOTAL	**4,499.1**	**4,809.9**	**6.9%**	**1.5%**	**0.5%**	**4.7%**

The following table presents the breakdown of changes in net sales to third parties as reported by zone of origin between 2014 and 2015.

Net sales *(in € millions except %)*	Year ended December 31 2014	2015	Total change	Scope of consolidation	Organic growth	Impact of exchange rates
France	1,033.0	1,013.1	(1.9)%	0.3%	(2.3)%	0.0%
Italy	499.6	505.2	1.1%	1.6%	(0.5)%	0.0%
Rest of Europe	809.5	808.5	(0.1)%	0.9%	2.7%	(3.6)%
USA/Canada	874.5	1,147.8	31.3%	4.7%	4.9%	19.6%
Rest of the World	1,282.5	1,335.3	4.1%	0.7%	(1.3)%	4.7%
CONSOLIDATED TOTAL	**4,499.1**	**4,809.9**	**6.9%**	**1.5%**	**0.5%**	**4.7%**

5.3.2.10 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 Group's amortization charges. 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 that were 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: 2015 AND 2014

(€ millions)	Legrand Year ended December 31 2015	2014
Net sales	**4,809.9**	**4,499.1**
Operating expense		
Cost of sales	(2,333.5)	(2,197.2)
Administrative and selling expense	(1,310.3)	(1,214.4)
Research and development expense	(216.1)	(193.2)
Other operating income (expense)	(63.3)	(46.8)
Operating income	**886.7**	**847.5**
Financial expense	(93.7)	(85.9)
Financial income	11.0	8.6
Exchange gains (losses)	6.0	1.5
Financial profit (loss)	**(76.7)**	**(75.8)**
Income before taxes	**810.0**	**771.7**
Income taxes	(258.0)	(238.4)
Net income for the year	**552.0**	**533.3**
Net income attributable to:		
■ **Legrand**	**550.6**	**531.7**
■ **Minority interests**	**1.4**	**1.6**

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.

(in € millions)	2015	2014
Net income for the year	**552.0**	**533.3**
Income taxes	258.0	238.4
Exchange (gains) losses	(6.0)	(1.5)
Financial income	(11.0)	(8.6)
Financial expense	93.7	85.9
Operating income	**886.7**	**847.5**
Acquisition-related amortization and expense/income	43.7	32.9
Impairment of *goodwill*	0.0	0.0
Adjusted operating income	**930.4**	**880.4**
Restructuring charges	28.0	21.7
Maintainable adjusted operating income	**958.4**	**902.1**

5.4.1 Net sales

Consolidated net sales rose by 6.9% to €4,809.9 million in 2015 compared with €4,499.1 million in 2014, reflecting:

- a +1.5% increase in net sales due to changes in scope of consolidation from 2014 to 2015. This relates in particular to the first-time consolidation in 2015 of Valrack (India) for 10 months, IME (Italy) for 7 months, and Raritan Inc. (USA) for 3 months;
- a +0.5% organic rise in sales, in line with 2015 target; and
- a 4.7% rise in net sales due to variations in exchange rates from 2014 to 2015.

Comments below concern sales by destination.

France. Sales declined 2.1% in 2015 to €892.4 million compared with €911.3 million in 2014. This resulted from a -2.5% organic change in sales in line with the underlying market trend, which was partially offset by a change in the scope of consolidation that contributed +0.4% due primarily to the consolidation of IME's French operations for seven months in 2015. Renovation activity remained resilient and new construction continued to retreat. Against this backdrop, the Group nonetheless recorded good relative performances in user interface products (formerly wiring devices).

More particularly, in the fourth quarter of 2015, sales benefited from strong demand from distributors, which was more marked than in the fourth quarter of 2014.

Italy. Sales increased by 1.8% at €470.8 million in 2015 compared to €462.5 million in 2014. This stems from an 0.8% organic rise that reflects the gradual stabilization of activity in Italy observed since the end of 2014, with, in particular, good performances in digital infrastructure, cable management and modular UPS[1], along with a 1.0% boost from the consolidation of IME over 7 months in 2015.

Rest of Europe. Sales in the Rest of Europe were nearly unchanged at €824.8 million in 2015 compared with €825.4 million in 2014. This reflected +2.0% organic growth thanks to healthy growth recorded in several mature countries including Spain, the United Kingdom and Germany, as well as in many new economies, among them Turkey, Poland, Romania, Hungary and the Czech Republic. Sales in Russia declined due to unfavorable economic conditions. In addition to organic growth of +2.0%, sales were boosted +1.3% by the consolidation of new acquisitions with sales in this region, particularly IME and Raritan, and reduced by an unfavorable -3.3% exchange-rate impact.

(1) UPS: Uninterruptible Power Supply.

United States and Canada. Sales in the US/Canada region rose 31.1% to €1,118.7 million in 2015, compared with €853.1 million in 2014. The increase resulted from organic sales growth of 5.0%, fueled in particular by commercial successes and inventory build-up by distributors following the launch announcement of a new GFCI[1]; from a 4.5% rise in scope reflecting primarily the consolidation of Raritan for 3 months and of Lastar for an additional 3 months in 2015; and from a favorable exchange-rate effect of +19.5% linked to the US dollar's steep rise against the euro. Sales in the region continue to benefit from a construction market that is doing well, with residential activity remaining favorable and the commercial segment continuing to grow. Legrand recorded good showings in 2015 in highly energy-efficient lighting control (thanks in particular to deployment of new energy codes for buildings, including Title 24 in California) and in user interface products.

As announced, the United States became the Group's #1 country by sales in 2015.

Rest of the World. Sales in the Rest of the World zone rose 3.9% to €1,503.2 million in 2015 compared with €1,446.8 million in 2014. This stemmed from a favorable exchange-rate effect of 4.3% and an 0.8% change in scope of consolidation due primarily to Valrack (India), consolidated for 10 months, and to SJ Manufacturing, consolidated for an additional 5 months in 2015, partially offset by an organic sales evolution of -1.2%. At constant scope of consolidation and exchange rates, sales rose in Asia excluding China, with healthy growth in India, Malaysia and Thailand. The same was true in Latin America excluding Brazil, notably in Mexico, Peru and Colombia. Those positive changes in sales did not offset declining activity in some other countries such as China and Brazil, both affected by unfavorable economic conditions.

5.4.2 Cost of sales

The consolidated cost of sales rose 6.2% to €2,333.5 million in 2015 compared with €2,197.2 million in 2014, mainly as a result of:

- consolidation of new acquisitions; and
- the impact of average exchange rates over the year, with the euro losing ground against most other currencies.

These were partly offset by:

- lower raw material and component prices in 2015 than in 2014; and
- ongoing efforts to raise productivity and adjust to changing conditions.

The cost of sales thus represents 48.5% of total revenue in 2015 compared with 48.8% in 2014.

5.4.3 Administrative and selling expense

Consolidated administrative and selling expense increased by 7.9% to €1,310.3 million in 2015 compared with €1,214.4 million in 2014, primarily due to:

- consolidation of new acquisitions; and
- average exchange-rate effects for the year, with the euro losing ground against most other currencies.

Administrative and selling expense expressed as a percentage of sales stood at 27.2% in 2015, compared to 27.0% in 2014.

5.4.4 Research and development expense

New technologies, in particular digital ones, allow a significant increase in the value-in-use of Legrand products for both individual users and professionals. The Group thus decided in 2015 to step up its investments in this area, deploying a range of initiatives that include:

- launch of the Eliot program, aimed at speeding up deployment of the Internet of Things in the Group's offering. As part of this program, Legrand set ambitious targets that include achieving double-digit average annual growth in sales for connected products by 2020 and doubling the number of its connected product families from 20 in 2014 to 40 in 2020. At year-end

(1) GFCI: Ground Fault Circuit Interrupter.

2015, results were ahead of schedule in the development plan, with nearly +34% total growth in sales of connected products and a total of 23 families of connected products;

- an increasing share of R&D investments assigned to new technologies, demonstrated, for example, by the rise of more than 50% in the resources allocated to software and firmware development between 2010 and 2015. More generally, close to 39% of R&D staff are dedicated to electronics, softwares and digital offerings;
- signature of collaborative agreements and strategic partnerships with players including Nest (to use the Nest Weave communications protocol in Legrand's connected offering); La Poste (with a view to making Legrand's connected products compatible with the Digital Hub provided by La Poste); and Samsung (to develop offerings that improve hotel room management and comfort). Legrand thus intends to develop connected and interoperable solutions, bringing lasting benefits to individual users and professionals alike;
- investment in a round of financing for Netatmo, strengthening Legrand's ties to the Internet of Things' ecosystem in buildings, and to related leading trends;
- participation in many technology alliances including Allseen Alliance, ZigBee Alliance, BACnet International and Confluens; and
- participation in the Las Vegas Consumer Electronics Show (CES) in January 2016 for the second year running. Legrand was present at three booths (Allseen Alliance, ZigBee Alliance and La Poste), testifying to the scope of its know-how in interoperability with innovative, connected solutions that deliver lasting benefits to users.

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, €27.4 million in development expense was capitalized in 2015 compared to €29.0 million in 2014. Amortization charges for capitalized development costs amounted to €26.3 million in 2015, compared to €25.8 million in 2014.

Consolidated research and development expense totaled €216.1 million in 2015 and €193.2 million in 2014. Excluding the impact of the capitalization of development costs and the tax credit for research and development, R&D expenditure came to €222.5 million in 2015 (4.6% of net sales) compared to €202.9 million in 2014 (4.5% of net sales).

In 2015, R&D operations had over 2,100 employees in around 18 countries.

5.4.5 Other operating income and expense

In 2015, other operating income and expense totaled €63.3 million, compared to €46.8 million in 2014. This rise stems primarily from an increase in expenses linked to the implementation of productivity and restructuring initiatives.

5.4.6 Operating income

Consolidated operating income edged up 4.6% to €886.7 million in 2015 compared to €847.5 million in 2014, due primarily to:

- a 6.9% increase in sales;
- a 6.2% increase in cost of sales;
- an 8.4% rise in administrative, sales and R&D expense; and
- a €16.5 million rise in other operating income and expense.

As a percentage of sales, operating income stands at 18.4% in 2015 compared with 18.8% in 2014.

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 5.7% to €930.4 million in 2015 compared with €880.4 million in 2014, 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 12.1% decline in France to €219.1 million or 21.6% of sales in 2015, compared with €249.3 million or 24.1% in 2014;
- a 3.4% rise in Italy, to €161.4 million or 31.9% of sales in 2015, compared to €156.1 million or 31.2% in 2014;
- an 8.2% decline in the Rest of Europe zone. This sets the total figure for 2015 at €124.0 million compared with €135.1 million in 2014, or 15.3% of sales in 2015 compared with 16.7% in 2014;
- a 37.7% rise to €201.5 million in the US and Canada in 2015, up from €146.3 million in 2014, representing 17.6% of sales in 2015 compared to 16.7% in 2014; and
- a 15.9% rise in the Rest of the World zone, for a total of €224.4 million compared to €193.6 million in 2014, representing 16.8% of sales in 2015 compared to 15.1% in 2014.

Adjusted operating margin came to 19.3% of sales, or 19.4% before acquisitions (at 2014 scope of consolidation), in line with the 2015 target confirmed and specified in November 2015 as "at least 19.0%".

When compared with the 2014 performance (19.6%), the -0.2 point change in adjusted operating margin before acquisitions can be explained as follows:

- +0.2 point from inventory build-up of manufactured goods;
- -0.2 point corresponding to a mix effect, primarily due to strong growth in the United States/Canada region—driven mainly by a very marked positive exchange-rate effect—where profitability remains slightly below the Group average, although improving steadily; and
- -0.2 point linked to other factors, including expenses related to the implementation of productivity and restructuring initiatives.

5.4.8 Net financial expense

Net financial expense rose 7,0% to €82.7 million in 2015 compared to €77.3 million in 2014, and represents 1.7% of net sales both years.

5.4.9 Exchange gains and losses

Exchange gains came to €6.0 million in 2015, compared with gains of €1.5 million in 2014.

5.4.10 Income taxes

In 2015 Legrand's pre-tax income amounted to €810.0 million, up from €771.7 million in 2014. 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 €258.0 million in 2015, compared to €238.4 million in 2014. The increased charge for 2015 is essentially attributable to a rise in the Group's pre-tax income, combined with a rise in the effective tax rate from 30.9% in 2014 to 31.9% in 2015.

5.4.11 Net income

In 2015, consolidated net income was up €18.7 million from 2014 at €552.0 million, and reflects:

- a €39.2 million increase in operating income; and
- a €4.5 million improvement in exchange gains;

offset by:

- a €5.4 million rise in net financial expense; and
- a €19.6 million rise in income tax expense.

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, 2015 and 2014:

	Legrand Year ended December 31	
(in € millions)	**2015**	**2014**
Net cash from operating activities	796.2	726.4
Net cash from investing activities*	(363.8)	(220.1)
Net cash from financing activities	(70.8)	(399.4)
Effect of exchange rates changes on cash impact	(1.7)	16.3
Increase (reduction) in cash and cash equivalents	359.9	123.2
* *of which capital expenditure and capitalized development costs*	*(133.4)*	*(125.3)*

For a detailed analysis of cash flows, investors should refer to the consolidated statement of cash flows provided in the Group's consolidated financial statements.

5.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled €796.2 million at December 31, 2015, compared with €726.4 million at December 31, 2014. This €69.8 million rise was attributable to a €48.5 million decrease in working capital requirement and a €21.3 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, 2015 amounted to €363.8 million, compared with €220.1 million for the year ended December 31, 2014. 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 €252.9 million in 2015 (compared with €129.4 million in 2014). It includes €237.1 million for acquisitions of subsidiaries (net of cash acquired), comprised in net cash from investing activities and €15.8 million for acquisition of non-controlling interests included in net cash from financing activities.

Capital expenditure and capitalized development costs amounted to €133.4 million for the year ended December 31, 2015 (of which €27.4 million related to capitalized development costs), compared with €125.3 million in 2014 (of which €29.0 million related to capitalized development costs), or a rise of 6.5%.

5.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €70.8 million in 2015, compared with €399.4 million in 2014. This was primarily due to an increase in new 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 €1,891.1 million at December 31, 2015, compared to €1,584.7 million at December 31, 2014. Cash and cash equivalents and marketable securities amounted to €1,088.4 million at December 31, 2015, compared with €729.1 million at December 31, 2014. Net financial debt (defined as gross debt, less cash and cash equivalents and marketable securities) amounted to €802.7 million at December 31, 2015, compared to €855.6 million at December 31, 2014.

The ratio of net debt to shareholders' equity was 21% at December 31, 2015, compared with 24% at December 31, 2014.

At December 31, 2015, 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;
- €356.6 million in Yankee Bonds;
- €134.5 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 (€1,085.9 million at December 31, 2015 and €726.0 million at December 31, 2014) consist primarily of very short-term bank deposits. This being the case, 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 2015, capital expenditure and capitalized development expense amounted to €133.4 million or 2.8% of consolidated net sales, compared with €125.3 million and also 2.8% in 2014.

Capital expenditure consist mainly of investment in new products. 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, 2015.

	Payments due by period				
At December 31, 2015 *(in € millions)*	**Total**	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**
Borrowings	1,878.8	66.4	739.0	15.8	1,057.6
Capital lease obligations	12.3	1.5	2.9	3.0	4.9
Operating leases	190.0	45.4	69.4	39.0	36.2
TOTAL CONTRACTUAL OBLIGATIONS	**2,081.1**	**113.3**	**811.3**	**57.8**	**1,098.7**

5.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2015, approximately 61% of the Group's net sales were denominated in currencies other than the euro. As a consequence, the Group's consolidated sales, operating income and free cash flow could be affected by variations in exchange rates between the euro and other currencies.

In order to prepare its consolidated financial statements, the Group must convert assets, liabilities, income and expenses that are recognized in other currencies into euros. Variations in exchange rates affect such items in the Group's consolidated financial statements, even if the value of the item remains unchanged in its original currency.

The Group uses end-of-period exchange rates for the translation of balance sheet data and period-average exchange rates for the translation of income statement and cash flow data.

The following table shows, for the periods indicated, data on euro/U.S. dollar exchange rates from 2010 through 2015, expressed in euros per U.S. dollar. This exchange rate information is provided as an indication only and does not represent the exchange rates used by Legrand in the preparation of its consolidated financial statements:

(euro per U.S. dollar)	Period-end rate	Average rate(1)	High	Low
2010	0.75	0.76	0.84	0.69
2011	0.77	0.72	0.77	0.67
2012	0.76	0.78	0.83	0.74
2013	0.73	0.75	0.78	0.72
2014	0.82	0.75	0.82	0.72
2015	0.92	0.90	0.95	0.83

(1) The average exchange rate for the euro is calculated as the average monthly figures for the relevant year-long period.

Readers are referred to note 5.1.2.2 appended to the consolidated financial statements mentioned in chapter 8 of the present Registration Document for a description of management of exchange risk.

5.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk;
- counterparty risk; and
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. Transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity price risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Deployment is managed by the Financing and Treasury Department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and the Group's senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in note 5.1.2 appended to the consolidated financial statements referred to in chapter 8 of this Registration Document.

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 2014, 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 1.2.1.3 to the consolidated financial statements referred to in chapter 8 of this registration document.

5.13 - TRENDS AND PROSPECTS

In an uncertain global context, Legrand is benefiting from its favorable positioning thanks to its limited presence both in the new economies most affected by economic slowdown and in the oil and gas industry. Moreover, the construction market may have bottomed out in some mature countries in Europe; it should also remain upbeat in some other countries such as the United States. Yet for 2016, macroeconomic projections have recently become more cautious and some new economies may continue to be affected by unfavorable economic conditions.

Against this backdrop, Legrand is targeting a 2016 organic change in sales of between -2% and +2%. The Group has also set a target for adjusted operating margin before acquisitions (at 2015 scope of consolidation) of between 18.5% and 19.5% of sales in 2016.

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)	2011	2012	2013	2014	2015
End of period share capital					
Share capital	1,053.6	1,057.5	1,062.4	1,065.4	1,067.7
Number of shares	263,388,995	264,374,875	265,590,517	266,357,615	266,930,602
Earnings					
Net sales	4,250.1	4,466.7	4,460.4	4,499.1	4,809.9
Earnings before tax, depreciation and amortization	938.5	920.9	935.2	937.2	979.7
Income taxes	(261.4)	(247.6)	(233.5)	(238.4)	(258.0)
Net income	479.3	507.0	533.3	533.3	552.0
Dividends paid	231.4	245.0	265.1	279.3	293.1
Earnings per share(1)					
Earnings before tax, depreciation and amortization	3.573	3.496	3.530	3.527	3.678
Profit attributable to equity holders of Legrand	1.822	1.920	2.002	2.001	2.067
Dividend per share	0.88	0.93	1.00	1.05	1.10
Personnel					
End of period number of employees	31,066	33,079	33,272	33,556	32,667
Personnel costs	1,092.8	1,155.8	1,143.5	1,170.8	1,256.3

(1) *Earnings per share are computed on the basis of the number of ordinary shares in circulation during the period, or 262,628,527 shares in 2011, 263,401,182 shares in 2012, 264,932,592 shares in 2013, 265,703,963 shares in 2014 and 266,375,725 shares in 2015.*

5.15 - SELECTED FINANCIAL INFORMATION

Selected financial information for the years ended December 31, 2015, 2014 and 2013 has been drawn from the consolidated financial statements prepared in accordance with IFRS. These can be found in chapter 8 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information alongside 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 %)	2015	2014	2013
Revenue	**4,809.9**	**4,499.1**	**4,460.4**
Total sales growth	+6.9%	+0.9%	-0.1%
Sales growth at constant scope of consolidation and exchange rates	+0.5%	+0.5%	+0.5%
EBITDA(1)	**1,056.4**	**1,013.0**	**1,017.8**
Maintainable EBITDA(2)	1,084.4	1,034.7	1,047.1
Adjusted operating income(3)	**930.4**	**880.4**	**882.3**
As a percentage of sales	19.3%	19.6%	19.8%
Maintainable adjusted operating income(2)	958.4	902.1	911.6
Net income(4)	**552.0**	**533.3**	**533.3**
As a percentage of sales	11.5%	11.9%	12.0%
***Free Cash* flow**(5)	**666.0**	**607.4**	**563.2**
As a percentage of sales	13.8%	13.5%	12.6%
***Normalized Free* Cash flow**(6)	**617.2**	**607.5**	**588.8**
As a percentage of sales	12.8%	13.5%	13.2%
Net financial debt at December 31(7)	**802.7**	**855.6**	**967.7**

(1) EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs) 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) Net income corresponds to published net income (before minority interests).

(5) 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.

(6) 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 months' sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered—and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

(7) 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)	2015	2014	2013
Net income	**552.0**	**533.3**	**533.3**
Income taxes	258.0	238.4	233.5
Exchange (gains)/losses	(6.0)	(1.5)	1.8
Financial income	(11.0)	(8.6)	(6.9)
Financial expense	93.7	85.9	87.7
Operating income	**886.7**	**847.5**	**849.4**
Amortization and depreciation of tangible assets	97.4	94.5	101.5
Amortization and depreciation of intangible assets (including capitalized development costs) and impairment of *goodwill*	72.3	71.0	66.9
EBITDA	**1,056.4**	**1,013.0**	**1,017.8**
Restructuring costs	28.0	21.7	29.3
Maintainable EBITDA	**1,084.4**	**1,034.7**	**1,047.1**

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)	2015	2014	2013
Net income	**552.0**	**533.3**	**533.3**
Income taxes	258.0	238.4	233.5
Exchange (gains)/losses	(6.0)	(1.5)	1.8
Financial income	(11.0)	(8.6)	(6.9)
Financial expense	93.7	85.9	87.7
Operating income	**886.7**	**847.5**	**849.4**
Amortization of revaluation of intangible assets at the time of acquisitions and expense/income relating to acquisitions	43.7	32.9	32.9
Impairment of *goodwill*	0.0	0.0	0.0
Adjusted operating income	**930.4**	**880.4**	**882.3**
Restructuring costs	28.0	21.7	29.3
Maintainable adjusted operating income	**958.4**	**902.1**	**911.6**

The table below shows a reconciliation of research and development expenditure with research and development expense:

(in millions of euros)	2015	2014	2013
Research and development expense	**(216.1)**	**(193.2)**	**(197.8)**
Amortization related to acquisition and R&D tax credit	(5.3)	(6.5)	(4.9)
Amortization of capitalized development costs	26.3	25.8	24.1
Research and development expense before capitalized development costs	**(195.1)**	**(173.9)**	**(178.6)**
Capitalized development costs	(27.4)	(29.0)	(29.1)
Research and development expenditure for the year	**(222.5)**	**(202.9)**	**(207.7)**

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)	2015	2014	2013
Net cash provided by/(used in) operating activities	**796.2**	**726.4**	**691.9**
Net proceeds from sales of fixed and financial assets	3.2	6.3	4.3
Capital expenditure	(106.0)	(96.3)	(103.9)
Capitalized development costs	(27.4)	(29.0)	(29.1)
Free cash flow	**666.0**	**607.4**	**563.2**
Increase (decrease) in working capital requirement	(46.2)	2.3	27.9
(Increase) decrease in normalized working capital requirement	(2.6)	(2.2)	(2.3)
Normalized free cash flow	**617.2**	**607.5**	**588.8**

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

(in millions of euros)	2015	2014	2013
Short-term borrowings	67.9	71.4	86.9
Long-term borrowings	1,823.2	1,513.3	1,486.6
Cash and cash equivalents and marketable securities	(1,088.4)	(729.1)	(605.8)
Net financial debt	**802.7**	**855.6**	**967.7**

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

(in millions of euros)	2015	2014*	2013
Share capital	1,067.7	1,065.4	1,062.4
Retained earnings	3,006.2	2,764.4	2,575.8
Translation reserves	(276.1)	(281.8)	(400.8)
Equity attributable to equity holders of Legrand	**3,797.8**	**3,548.0**	**3,237.4**

* *Restated comparative data at December 31, 2014 (see note 1.2.1.1 to the consolidated financial statements referred to in chapter 8 of this registration document).*

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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 (**"Code of Corporate Governance"**). This Code of Corporate Governance can be viewed on the Medef website: *www.medef.com*.

In line with the "comply or explain" principle espoused by the Code of Corporate Governance, any recommendations with which the Company is not in strict compliance are summarily set out and explained in the table below:

Code of Corporate Governance recommendation with which the Company is not strictly compliant	Explanation
Obligation to acquire a defined quantity of shares The Code of Corporate Governance recommends making the awarding of performance shares to executive Directors conditional upon the purchase of a defined quantity of shares upon the availability of the awarded shares	The Chairman and Chief Executive Officer has already substantially invested in the Company's share capital (0.85% at Thursday, December 31, 2015) and is subject to the requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties

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 Rules of Procedure of the Board of Directors define the following principles:

- **number of Directors:** The Board of Directors has at least three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions (subject to the exception provided by law in the event of a merger);
- **term of office of Directors:** Directors have a four-year term of office. This expires 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. 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 Shareholders' General Meeting that approved the financial statements for the past financial year (held in the year

this age limit is reached). The Chairman may be reelected. His/her compensation is determined by the Board of Directors;

- **office of Vice-Chairman of the Board of Directors:** The Board of Directors may appoint a Vice-Chairman if necessary. His/her role is to take the place of the Chairman if the latter is prevented from fulfilling his or her duties. The Vice-Chairman is subject to the same age limit as the Chairman;
- **Lead Director:** The Board of Directors may appoint a lead director. This is a requirement if the roles of Chairman and Chief Executive Officer are performed by the same individual. If necessary, the Lead Director may 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;
- **cooptation:** When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the Ordinary Shareholders' General Meeting thereafter.

Current composition of the Board of Directors

Name	Main role	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	57	M		1				✓	12/10/2002	2018 Shareholders' General Meeting	13
François Grappotte	Companies Director	Honorary Chairman	French	79	M		0					12/10/2002	2018 Shareholders' General Meeting	13
Angeles Garcia-Poveda	EMEA Co-Managing Director, Spencer Stuart	Lead Director	Spanish	45	F	✓	0		✓ Chairwoman	✓ Chairwoman	✓	5/25/2012	2016 Shareholders' General Meeting	4
Olivier Bazil	Companies Director	Director	French	69	M		2		✓		✓	12/10/2002	2018 Shareholders' General Meeting	13
Christel Bories	Companies Director	Director	French	51	F	✓	1	✓			✓ Chairwoman	5/25/2012	2016 Shareholders' General Meeting	4
Gérard Lamarche[(3)]	Managing Director of the Bruxelles Lambert Group	Director	Belgian	54	M	✓	4	✓		✓		4/6/2006	2016 Shareholders' General Meeting	10
Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer of SEB Group	Director	French	61	M	✓	1		✓			4/6/2006	2016 Shareholders' General Meeting	10
Dongsheng Li	Chairman and Chief Executive Officer and founder of TCL Corporation	Director	Chinese	58	M	✓	2					7/26/2012	2018 Shareholders' General Meeting	3
Annalisa Loustau Elia	Chief Marketing Officer of Printemps Group and member of its Executive Committee	Director	Italian	50	F	✓	0			✓		5/24/2013	2017 Shareholders' General Meeting	3
Eliane Rouyer-Chevalier	Companies Director	Director	French	63	F	✓	0	✓ Chairwoman				5/26/2011	2019 Shareholders' General Meeting	5

(1) The term served in the Company is not taken into account for the calculation.
(2) At the date of the next Shareholders' General Meeting, i.e. May 27, 2016.
(3) Director who has stated he does not wish to be reappointed.

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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 306-312 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 will enter the scope of application of Article L. 225-27-1 of the French Commercial Code in its current draft 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:

	2016 Shareholders' General Meeting	2017 Shareholders' General Meeting	2018 Shareholders' General Meeting	2019 Shareholders' General Meeting
Number of directorships due for renewal	4	1	4	1

Absence of convictions or conflicts of interest

On the date this Registration Document was filed and as far as the Company is aware, none of the Company Directors:

- have family links with other Company directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies);
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal regulations. This Directors' Charter sets forth the rights and obligations of the directors and is binding upon each director.

Pursuant to the provisions of the Directors' Charter, directors undertake (i) to apprise the Lead Director and the Board of any actual or potential conflict of interest, to abstain from related discussions and votes and (ii) to avoid any personal engagement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent.

In addition, the Rules of Procedure of the Board of Directors state that the Lead Director of the Company is responsible for preventing conflicts of interest from arising by conducting awareness-raising initiatives on the existence of factors likely to lead to such situations. Accordingly, the Lead Director is informed by each director of any actual or potential conflict of interest, and reports on these to the Board, as he/she does on any actual or potential conflict of interest which he/she may detect independently.

No actual or potential conflict of interest was reported to the Lead Director or to the Board of Directors. As far as the Company is aware, there is no conflict of interest.

Furthermore, the Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Governance Committee of any intention to take on another Directorship, and must ask the Board for its opinion before accepting any new directorship in a listed company.

Independent Directors

Definition of Independent Director and applicable criteria

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

The Rules of Procedure of the Company's Board of Directors lists the independence criteria, adding a Company-specific criterion to the criteria set forth by the Code of Corporate Governance. Therefore, under the Board of Directors' internal rules, an independent Director must not:

- be an employee or executive director of the Company or Group, be an employee or director of a shareholder with control, either alone or in concert, over the Company within the meaning of Article L. 233-3 of the French Commercial Code, or of a company that it consolidates, or have been in such a position at any time in the five previous years;
- be an executive director of any company in which the Company holds, either directly or indirectly, a directorship or in which a Company employee or an executive director, or a person who has been in this position in the course of the five previous years, holds a directorship;
- be a customer, supplier, investment banker or commercial banker:
  - of importance for the Company or its Group,
  - or deriving a significant portion of business from the Company or its Group.

  The evaluation of how significant the relationship is with the Company or its Group must be debated by the Board of Directors and the criteria that lead to the evaluation must be explicitly stated in the registration document;
- have any close family relationship with a manager of the Company or Group;
- have been a statutory auditor for the Company or a Group company in the course of the five previous years;
- have been a manager of the Company or a Group company in the course of the five previous years;
- have been a director of the Company in the course of the twelve previous years;
- receive, or have received from the Company, significant amounts of compensation in addition to directors' fees, including, but not limited to, participation in any stock-option plan or other performance-related compensation plan.

Although he or she may be an executive Director, the Chairman of the Board may be considered independent if the company can justify this based on the criteria set out above.

Directors representing shareholders with significant direct or indirect equity interests in the Company may be considered independent if these shareholders do not control the Company within the meaning of Article L. 233-3 of the French Commercial Code. However, when a director represents a shareholder of the Company directly or indirectly holding more than 10% of the Company's capital or voting rights, the Board of Directors, having received a report from the Nominating and Governance Committee, must systematically review his or her status as an independent director, with due regard for the structure of the Company share ownership and potential for conflicts of interest.

Procedure for the review of the status of independent Directors

Pursuant to the Rules of Procedure of the Company's Board of Directors, director independence is reviewed each year by the Nominating and Governance Committee, which prepares a report on the independence criteria defined above. Each director's position is then reviewed by the Company's Board based on that report. The findings of the Board's review are presented to shareholders in the annual report.

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 independence of directors, the Nominating and Governance Committee and then the Board of Directors at their meetings of January 28 and March 17, 2016 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, there was a history of business dealings between Legrand and the TCL Group, of which Mr. Dongsheng Li is chief executive officer. In 2005 and 2008, Legrand acquired two TCL companies in China. This led to a trademark licensing agreement between the two Chinese companies and TCL.

As this agreement was entered into for a fixed term, it can only be terminated early with the agreement of all parties or should specific events occur that were predefined in the agreement. With the exception of the specific assumptions mentioned above, no party to the agreement may decide unilaterally to end it prematurely.

The financial stakes of the agreement are not significant for Legrand or the TCL group. In 2015, for example, royalties from trademarks accounted for 1/2 per mil of both groups' sales.

In addition, the Nominating and Governance Committee noted that Mr. Dongsheng Li became a director of the Company on July 26, 2012, several years after the trademark licensing agreement was entered into.

The Nominating and Governance Committee consequently qualified the relationship between Legrand and Mr Dongsheng Li as "non-material" both from a quantitative point of view, given the agreement's low financial stakes, and a qualitative point of view, given the nature of the relationship between Legrand and TCL, as outlined above. 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 examining the individual position of each director with regard to the independence criteria discussed above, the Board of Directors, at its meeting on March 17, 2016 and on the recommendation of the Nominating and Governance Committee, reiterated its view that Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li could be classified as independent directors:

	Non-independent Directors			Independent Directors						
Reviewed criteria	**Gilles Schnepp**	**Olivier Bazil**	**François Grappotte**	**Christel Bories**	**Angeles Garcia-Poveda**	**Gérard Lamarche**	**Thierry de La Tour d'Artaise**	**Dongsheng Li**	**Annalisa Loustau Elia**	**Eliane Rouyer-Chevalier**
No employee or corporate officer status during the previous 5 years	X	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%.

Changes in the composition of the Board of Directors

Changes in the composition of the Board of Directors in 2015

In the course of the 2015 financial year, changes in membership of the Board of Directors were the following:

Date	Departure	Appointment	Reappointment
5/29/2015	Nil	Nil	Eliane Rouyer-Chevalier

Ms. Eliane Rouyer-Chevalier has been a Company's Board Director since 2011. She possesses acute skills in investor relations and corporate social responsibility, and is qualified in financial and accounting matters. She also chairs the Audit Committee. Consequently, the Board of Directors asked the Shareholders' General Meeting called for May 29, 2015 to reappoint Ms. Éliane Rouyer-Chevalier to the Board for a four-year term. The shareholders voted in favor of this reappointment.

Directorships due for renewal in 2016

The directorships of Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Mr. Gérard Lamarche and Mr. Thierry de La Tour d'Artaise are due for renewal in 2016. Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Mr. Thierry de La Tour d'Artaise wish to stand for reelection.

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 various bodies is greatly enhanced by the contribution of Ms. Angeles Garcia-Poveda, who has skills in compensation/governance as well as strategic issues.

Mr. Thierry de La Tour d'Artaise, a Company's Board Director since 2006, is also a member of the Nominating and Governance Committee. As a long-standing board member, Mr. Thierry de La Tour d'Artaise is familiar with the Company, its area of business and its issues. 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.

As a result of the foregoing, the Board of Directors asked the Shareholders' General Meeting called for May 27, 2016 to reappoint the above three directors for a four-year term (see presentation of the agenda and draft resolutions in Appendix 4 of the Company's Registration Document).

Mr. Gérard Lamarche, a member of the Company's Board of Directors since 2006, indicated that he did not wish to stand for reelection and informed the Chairman and Chief Executive Officer, Lead Director and Chairman of the Nominating and Governance Committee accordingly. As a result, and with the agreement of the Chairman and Chief Executive Officer, the Nominating and Governance Committee tasked an independent recruitment firm with finding a new director whose candidacy could be presented to the annual Combined Ordinary and Extraordinary Shareholders' General Meeting called for May 27, 2016. During the course of this search, a variety of candidates and profiles were reviewed and met with members of the Nominating and Governance Committee, which kept the Board informed of its progress in this regard, including at the meeting of February 10, 2016. At the end of the search process, the Board of Directors approved (on the recommendation of the Nominating and Governance Committee) the candidacy of Ms. Isabelle Boccon-Gibod at its meeting held on March 17, 2016.

After reviewing the individual position of each director with regard to the above-mentioned independence criteria, the Nominating and Governance Committee confirmed Ms. Isabelle Boccon-Gibod status as an independent director, given that she had no business dealings with Legrand.

Diversity of membership of the Board of Directors

Each year, the Board of Directors examines its own composition and that of the specialized committees to ensure that the balance of members is correct. It is constantly looking to improve the gender balance, international dimension, skills diversity 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 Shareholders' General Meeting called for May 27, 2016 to appoint Ms. Isabelle Boccon-Gibod as one of the 10 directors making up the Board, the Board will comprise:

- **five women**, representing a proportion of 50% of the Board, higher than the minimum ratios provided by the provisions of the French Commercial Code (40% from 2017) and the recommendations of the Corporate Governance Code (40% from 2016);
- **four different nationalities** – one Chinese director, one Spanish director, one Italian director and seven French directors; and
- **seven independent directors,** representing a proportion of 70% of the Board, higher than the minimum ratio of 50% advocated by the Corporate Governance Code.

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 will be 50% after the vote at the Shareholders' General Meeting of May 27, 2016, assuming a vote in favor of appointing Ms. Isabelle Boccon-Gibod as a director. The Board also looked favorably on the significant efforts made in recent years to become more international.

For 2015, 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 or more specific competencies, 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 September 24, 2014, at the 11th edition of the Corporate Governance Awards, Legrand received the Silver Governance Award for Board of Directors Composition. The award was given in recognition of the various criteria of Legrand's Board of Directors, such as the percentage of women and foreign nationals, detailed information on Board members, their terms of office and independence. Also at this event Legrand received the 2014 Corporate Governance Award and the Gold Corporate Governance Award for Dynamic Governance;
- on September 16, 2015, at the 12th edition of the Corporate Governance Awards, Legrand was presented with a new award for the composition of its Board of Directors.

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, and as mentioned above, the Board of Directors (on the recommendation of the Nominating and Governance Committee) approved the candidacy of Ms. Isabelle Boccon-Gibod, which will be put to the vote at the Company's annual Combined Ordinary and Extraordinary Shareholders' General Meeting called for May 27, 2016.

Given all these factors, the Board considered its composition in 2015 to be satisfactory with regard to the diversity criteria examined and the outcome of the process to replace Mr. Gérard Lamarche. Nevertheless, it will continue to give careful consideration to any areas of improvement that could be useful for the development and dynamic growth of the business.

On this basis, and in view of the upcoming renewal of the directorships of Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Mr. Gérard Lamarche and Mr. Thierry de La Tour d'Artaise, the Board of Directors decided to:

- support the reappointment of the directors who are standing as candidates for reelection for the reasons set out in the above paragraph, "*Changes in the composition of the Board of Directors*";
- support the candidacy of Ms. Isabelle Boccon-Gibod for the reasons mentioned above.

6.1.1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

The Company's Board of Directors has adopted, pursuant to the Articles of Association, internal rules designed to establish, within the framework of current legal and regulatory provisions and the Articles of Association, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors. The Board of Directors' internal rules, which include a Directors' Charter, are regularly updated and can be viewed on the Company's website: *www.legrand.com*.

The main rules relating to the organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

Missions and duties of the Board of Directors and of its Chairman

The Board of Directors determines the directions to be taken in the business of the Company and ensures proper implementation of related decisions. Subject to powers expressly granted to shareholders' general meetings and in accordance with the corporate purpose, it handles all issues that relate to the proper operation of the Company and settles the issues that concern it.

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 Shareholders' General Meetings or to grant prior authorization to the Chief Executive Officer (or the Chairman, as the case may be) for their finalization and implementation where they are matters for general management:
  - delegation of powers or competence for purposes relating to the issue or purchase of shares or other securities providing access to equity,
  - subscription to, or agreement for, any loan, whether in the form of bonds or of any other kind, or any early voluntary repayment of loans, advances or borrowings for an amount exceeding €100 million,
  - the establishment of joint venture(s) or the acquisition of any business(es) for an amount exceeding €100 million; the acquisition of any equity interest or business, or the execution of any joint-venture agreement where the amount involved exceeds €100 million,
  - the sale or transfer of any business or businesses, asset or assets for an amount exceeding €100 million; the sale of any equity interest or business involving an amount exceeding €100 million,
  - the annual budget (including, but not limited to, capital expenditure),
  - the selection, replacement or removal of any or all of the statutory auditors,
  - merger transactions or proposals concerning the Company or, more generally, any transaction resulting in the transfer or sale of all, or a substantial portion of, its assets,
  - any transaction leading to an increase or decrease in the Company's equity capital, including, as may be the case, through the issue of securities providing access to the Company's equity capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for grant of free shares or stock options in the ordinary course of business of the Company),
  - any creation of double voting rights or any other change to the voting rights attached to Company shares,
  - changes to governance, including but not limited to, any change in the rules of governance applying within the Company, in particular the rules governing the membership and operation of the Board of Directors and, more generally, any change to these internal regulations in accordance with what is set forth below,
  - any proposal for the appointment of new members to the Board of Directors,
  - the listing of any financial instrument issued by the Company on a regulated market other than Eurolist by Euronext 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 determine, at the proposal of the Compensation Committee, the compensation due to executive directors and to apportion directors' fees;
- to deliberate on stock option and free share plans and all other share-based payments or compensation indexed on or otherwise linked to shares;
- to ensure the quality of information provided to shareholders and financial markets, in the financial statements or during major transactions;
- to approve the management report, together with the sections of the annual report illustrating corporate governance and describing the compensation policy;
- to review any issues relating to the efficient operations of the Company or the Group.

The Board of Directors alone has the power to amend its internal rules.

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the Shareholders' General Meeting. He/she monitors the proper operation of the bodies of the Company and ensures, in particular, that the members of the Board are in a position to exercise their duties.

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are called to Board meetings by the Chairman, or, in the event of unavailability of the Chairman by the Vice-Chairman, if any.

The Lead Director, if necessary, may also (i) ask the Chairman to call a meeting of the Board of Directors or, (ii) directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justify holding an extraordinary meeting of the Board.

The Chief Executive Officer may also ask the Chairman to call a Board meeting on a specific matter. 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 or teletransmission), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any technical incident that disrupted proceedings during a videoconference or teleconference;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors

At least once a year, an item on the agenda is devoted to reviewing the operations of the Board of Directors. This is relayed in the Company's annual report so that shareholders can be informed each year of the assessment carried out and, if applicable, any steps taken as a result (see Section 6.1.1.3).

The assessment of the Board's operations is supervised by the Lead Director.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with the documents necessary to consider items on Board meeting agendas, at least five days prior to the meetings.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

Directors receive all relevant information on significant events or transactions for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, even outside the presence of executive Directors. In the latter case, these should be given prior notice.

Directors' training

Each Director may be provided, at the time of their appointment and throughout their term of office, with training relating to the specific features of the Company, its businesses and the sector it operates in.

New Directors are provided with an induction program aimed at facilitating their integration and assumption of their new duties. The induction program includes site guided tours and meetings with Group management.

Taking the most recent appointment to the Board as an example, visits, presentations and meetings were organized after Ms. Annalisa Loustau Elia was appointed as a Director by the Shareholders' General Meeting of May 24, 2013, to familiarize Ms. Loustau Elia with her duties on the Board. In the course of this induction program, Ms. Annalisa Loustau Elia visited the Customer Training Center Innoval (Limoges), as well as the *My Home* Apartment and the Wellness House, both of which showcase the technologies marketed by Legrand in its home systems. She was also given a presentation of several production sites and product testing laboratories, and meetings were organized with several senior executives and operational management staff at Legrand.

Moreover, Audit Committee members are provided, at the time of their appointment, with information relating to the Company's specific accounting, financial and operational features.

The Board rules also stipulate that, if appointed, Directors representing employees or employee shareholders shall receive appropriate training on the requirements of their role.

Deontology for Directors

In accordance with the Directors' Charter, before taking up their post, all Directors must ensure that they are properly apprised of their general and particular duties, particularly where these result from legislation and regulation, Company articles, Board internal regulations and the Charter, as well as from any other legally binding document:

- directors must be competent, active and committed;
- directors must act at all times in the corporate interest of the business. They undertake to promote and defend the Company's values;
- directors are to devote the necessary time and attention to their tasks.

  In this regard, they undertake to:

  - not hold more than four other directorships in listed companies, including foreign companies, not affiliated with the Group; an executive director may not hold more than two other directorships in listed companies, including foreign companies, not affiliated with the Group. However, the limit of two other directorships applicable to the executive directors does not apply to directorships held by an executive director in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings,

- keep the Board of Directors informed of directorships held in other companies, including participation on the board committees of these companies, both in France and abroad; an executive director must seek the opinion of the Board of Directors before accepting a new directorship in a listed company,
- be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to;

- in the interest of transparency, the annual report includes a report on directors' attendance at meetings of the Board of Directors and its committees;
- directors shall make every effort to attend Shareholders' General Meetings;
- in the course of his/her term of office, each director is proposed to gradually acquire a number of shares equivalent to one full year of his/her share of directors' fees. For calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee(s) to which the relevant director belongs, the Legrand share price unit value being the average Legrand share price over the previous financial year. The minimum number of shares to be held personally and kept throughout the term of office is set at 500;
- directors have a duty of loyalty and diligence.

  In this regard, they undertake to:

  - apprise the Lead Director and the Board of any actual or potential conflict of interest, and abstain from the related discussions and votes,
  - avoid any personal involvement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent,
- directors are subject to a duty of confidentiality concerning any unpublished information they obtain as a result of their position;
- directors shall make sure they receive in time all documents and information necessary for the performance of their duties. It is their responsibility to ask the Chairman to supply all documents they consider necessary for their proper information;
- directors who consider the information supplied inadequate may request additional information from the Chairman or the Board of Directors;
- directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in;
- directors are to comply with the provisions of the Company's Code of Conduct with respect to trading and market activities.

Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct with respect to trading and market activities, which can be viewed on the Company's website *www.legrand.com* and which was reviewed (i) in the first half of 2011 to take into account AMF Recommendation No. 2010-07 of November 3, 2010 on the prevention of insider misconduct by executives of listed companies and (ii) in the second half of 2012 to indicate that the Group's Chief Financial Officer is in charge of ethics and is responsible for ensuring compliance with the Code of Conduct.

This Code, adopted by the Board of Directors on June 2, 2006, applies to Company officers, similar persons, insiders and occasional insiders and aims at defining the rules governing dealings in the Company's shares.

Under this Code, company officers, similar persons and persons associated with them are obliged, within a period of five trading days following its completion, to make a declaration to the French Financial Markets Authority (*Autorité des marchés financiers*) of any transaction they enter into in relation to the Legrand shares.

In addition, Executive Directors and persons with access to inside information are prohibited from effecting, directly or indirectly, whether on their own behalf or on behalf of others, transactions in Legrand shares (i) as a minimum, during the 30 days preceding publication of annual, half-yearly and quarterly financial statements, and the two stock market trading days following their publication, and (ii) where they are apprised of a project liable to constitute inside information, throughout the period from the date a meeting of the Board of Directors is called to consider this project and the date of its official public announcement by Legrand.

Company officers, permanent insiders and similar persons may seek the opinion of the Chief Financial Officer before executing a transaction in Legrand securities. The Chief Financial Officer may only give an advisory opinion: the decision on whether or not to execute the transaction is the sole responsibility of the person who requested the opinion.

6.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2015

In 2015, the Board met six times. Directors' attendance at Board meetings was satisfactory; the attendance rate in 2015 was over 87%.

According to the Board's rules of procedure, some of its deliberations may be prepared by specialized committees, enabling the Board to discharge its duties under optimum conditions. The work of these committees is the subject of a detailed report at the meeting of the Board of Directors.

In 2015, the average meeting attendance rate for the various specialized committees was 94%. Information on these specialized committees can be found in Section 6.1.3 of the Company's Registration Document.

Topics covered in 2015 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, 2014 and the related reports, the consolidated quarterly financial statements to March 31, 2015, the half-yearly consolidated financial statements and management report to June 30, 2015, and the consolidated quarterly financial statements to September 30, 2015,
  - 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 2015,
  - approval of the 2015 budget.
- Corporate Governance:
  - report on the work of the Lead Director,
  - report on the work of the Nominating and Compensation Committee[(1)], 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 a 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 splitting of the Nominating and Compensation Committee into two separate committees: the Nominating and Governance Committee and the Compensation Committee,
    - the introduction of power for the Lead Director to directly call a meeting of the Board of Directors on a given agenda whose importance or urgency justifies holding an extraordinary meeting of the Board,
    - the inclusion of a recommendation that each director must hold a number of shares equivalent to one year of directors' fees;
  - review of regulated agreements and commitments,
  - update of the internal charter on defining agreements.
- Compensation:
  - report on the work of the Nominating and Compensation Committee, as set out in Section 6.1.3.3 below,
  - executive director compensation:
    - examination of compensation for 2014,
    - determination of the principles of compensation for 2015;
  - long-term profit-sharing plans/performance share plans and stock option plans:
    - implementation of the delegations approved under the ninth resolution of the Combined Ordinary and Extraordinary Shareholders' General Meeting of May 24, 2013,
    - approval of the rules of the 2015 performance share plan for Group employees and the executive director, and long-term profit-sharing premiums,
    - approval of individual performance share awards to Group employees and the executive director,
    - definition of the number of shares that the executive director shall be obligated to hold in bearer form under the performance share award until such time as he steps down from his duties,
    - determination of terms of coverage of the performance share and share subscription or purchase plans, where the vesting period expires in 2016;

(1) In the interests of good governance, at its meeting on March 18, 2015, the Board of Directors amended its internal rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

In 2015, the Board of Directors' reports focused on the work of the Nominating and Compensation Committee before it was split into two separate committees.

- exercise by the executive director of a percentage of his stock options,
- attendance fees:
  - amounts distributed in 2014,
  - 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 Shareholders' General Meeting,
  - implementation of the delegations approved under the eleventh resolution of the Combined Ordinary and Extraordinary Shareholders' General Meeting of May 27, 2014, and the ninth resolution of the Combined Ordinary and Extraordinary Shareholders' General Meeting of May 29, 2015.
- 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,
  - presentations on strategic issues, especially during the Board of Directors' Annual Seminar.
- Risk management:
  - review of the risk management procedures.
- Preparation for the annual Shareholders' General Meeting and Shareholders' Special Meeting of May 29, 2015:
  - convening of the annual Shareholders' General Meeting and Shareholders' Special Meeting (setting of the agenda and approval of proposed resolutions),
  - production of reports for the Shareholders' General Meeting and Shareholders' Special Meeting.
- Other:
  - recognition of the capital increase following the exercise of options,
  - *compliance*: presentation of the Group's current position in this regard,
  - progress report on gender and wage equality and commitments to work/life balance,
  - Board of Directors' online tool: focus on the Company's "Directors" website,
  - review and approval of the press release to be published on the minutes of the annual Shareholders' General Meeting of May 29, 2015,
  - organizational progress reports (Group affairs, 2016 schedule).

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 2015 the Board's seminar was held on March 18 in Italy and addressed opportunities for the Group presented by the connected devices market. The seminar featured:

- a visit to the Varese plant;
- various hands-on workshops on connected devices; and
- presentations moderated by Legrand'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 Rules of Procedure, the work of the Board of Directors is reviewed and assessed at least once a year. This is a separate point on the agenda of the meeting concerned, and is reported on in the Company's annual report.

In 2015, the formal assessment of the Board of Directors and specialized committees was performed by an independent firm under the supervision of the Lead Director.

The assessment procedure consisted in sending directors questionnaires followed by individual interviews with one of the firm's consultants. Individual interviews were also conducted with representatives of the Central Works Council who attend board meetings.

The findings of the assessment report issued by the independent firm were the result of an analysis of the responses to the questionnaires and the individual interviews. They were presented first to the members of the Nominating and Governance Committee and then to the entire Board of Directors.

The assessment revealed that the directors expressed satisfaction in relation to the following topics:

- the Board's composition: diversity and quality of the varied and complementary backgrounds of its members;
- member involvement;
- members' sense of belonging;
- shared desire to contribute to Legrand's success;
- quality of discussions and support documentation;
- quality of discussions between directors and management;
- active participation of Central Works Council representatives.

The assessment report highlighted directors' satisfaction with the operations of the Board and its committees, indicating that there were few areas for improvement.

Areas for improvement singled out concerned more in-depth discussion of strategic issues and the Group's succession plans. In addition, representatives of the Central Works Council expressed their desire to receive financial training. Lastly, the assessment process revealed the desire to split the Nominating and Compensation Committee into two separate committees so that issues related to compensation and nominations would be handled by two different bodies respectively. Arguments supporting this request were primarily the need to devote specific meetings to key issues of nominations and succession, and broader coverage of governance issues.

Following a presentation of the independent firm's report on its findings, the Lead Director presented the recommendations arising from the firm's analysis. In particular she supported the following proposals:

- **more detailed information on strategy to be forwarded to all directors and a session to be held at the Board Seminar dedicated to growth drivers**: to this end, the Board Seminar on March 17, 2015 in Varese, Italy allowed directors and Central Works Council representatives to meet operating teams, take part in site visits and attend various strategy-related presentations;
- **progress reports on the succession process and compensation issues to be added to the agenda of the meeting of non-executive directors**: this recommendation was taken into account at the non-executive directors' meeting of May 29, 2015 and will be placed on the agenda every year;
- **financial training to be provided to representatives of the Central Works Council who attend meetings of the Board of Directors**: in response, it was decided to schedule financial training during the first half of 2016;
- **the Nominating and Compensation Committee to be split into two separate committees in the interests of good governance**: at its meeting on March 18, 2015, the Board of Directors amended its internal rules to redefine the role of the Nominating and Compensation Committee, which has been split into two new committees, the Nominating and Governance Committee and the Compensation Committee.

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.

In early 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, with the possibility 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. A report on this assessment will be included in the 2016 Registration Document.

6.1.2 - Lead Director

In 2013, following the Board's scrutiny of corporate governance at Legrand, the directors amended the Board's Rules of Procedure to make the appointment of a Lead Director compulsory in the event that the positions of Chairman and Chief Executive Officer are held by the same person. This is consistent with the recommendations of the French Financial Markets Authority (*Autorité des marchés financiers*) in its 2013 report on corporate governance and executive compensation.

The appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance (in this respect, readers are invited to refer also to Section 6.1.4.2).

The Lead Director is appointed from the independent directors 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 he/she does on any actual or potential conflict of interest which he/she may detect independently;
- supervising the periodic assessment of the Board's operations;
- chairing and moderating an annual meeting of non-executive directors without executive or internal directors being present, during which, 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 Rules of Procedure.

More generally, the Lead Director ensures that Directors receive the information needed to discharge their duties in the best possible conditions, as provided for in the Board's Rules of Procedure.

The Lead Director reports to the Board of Directors once a year.

Lead Director's report for 2015

In 2015, Ms. Angeles Garcia-Poveda called and chaired an annual meeting of the Company's non-executive directors, without the executive director being present. During this meeting, the non-executive directors discussed various topics, including the assessment of the performance of the Chairman and Chief Executive Officer, his compensation, and the succession plans. During the annual assessment of the operations of the Board and its specialized committees, the Lead Director asked the directors to give their opinion on the quality of the organization of the annual meeting of non-executive directors (scheduling, duration, and so on) and their assessment of the quality and content of the discussions that took place at the meeting. The directors expressed their full satisfaction regarding the above points.

In 2015, 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 Shareholders' General Meeting on Friday, May 29, 2015, 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 2014.

At the request of the Lead Director, the assessment of the Board and its specialized committees for 2014 took place early in 2015 under her supervision with the assistance of a firm of external consultants. 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 March 18, 2015, the Nominating and Compensation Committee was split into two committees: the Nominating and Governance Committee and the Compensation Committee. Both committees are chaired by the Lead Director.

The directors subsequently reviewed the Lead Director's powers. They decided to broaden the Lead Director's remit, giving her the power to call a meeting of the Board of Directors on a specific agenda whose importance or urgency justifies holding an extraordinary meeting of the Board. The directors recognized that this would be an effective addition to the safeguards put in place within the Company to ensure a satisfactory balance of power. 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 2015 to the Board of Directors at its meeting on March 17, 2016. The Board of Directors approved the Lead Director's activity report, at the time expressing its full satisfaction with the work she had done.

In addition, to the extent that Ms. Angeles Garcia-Poveda's directorship expires soon, and given the fact that the Lead Director's term of office is related to this directorship, the Board of Directors indicated that it was in favor of reappointing Ms Angeles Garcia-Poveda as Lead Director in the event that her reappointment as director of the Company is approved by the annual Combined Ordinary and Extraordinary Shareholders' General Meeting convened for May 27, 2016.

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.

Until March 18, 2015, there were three permanent specialized committees: the Audit Committee, the Nominating and Compensation Committee, and the Strategy and Social Responsibility Committee.

In the interest of good governance, the functions of the Nominating and Compensation Committee have since been redefined and divided between two new committees, the Nominating and Governance Committee and the Compensation Committee. There are now four permanent specialized committees:

- the Audit Committee;
- the Nominating and Governance Committee;
- the Compensation Committee; 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 Directors or managers holding salaried positions with the Company or any of its subsidiaries. Members of the Audit Committee should be competent in finance or accounting.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee at the proposal of the Nominating and Governance Committee, from among the independent members of the Committee. The appointment of the Audit Committee's Chairman should be specially reviewed by the Board of Directors. The same procedure shall apply for the extension of the term of office.

The Nominating and Governance Committee may have a maximum of five members. The Nominating and Governance Committee should not include any Executive Directors. The Chairman of the Nominating and Governance Committee is chosen by the committee from among its independent members.

The Compensation Committee may have a maximum of five members. The Nominating and Governance Committee should not include any Executive Directors. The Chairman of the Compensation Committee is chosen by the committee members from its independent members, on the recommendation of the Nominating and Governance Committee.

With respect to the Strategy and Social Responsibility Committee, it has a maximum of five members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of said committee from its membership, on the recommendation of the Nominating and Governance Committee.

Current composition of the specialized Committees

The Audit Committee

The Audit Committee is made up of three members appointed by the Board of Directors, all three of whom are independent: Ms. Christel Bories, Ms. Éliane Rouyer-Chevalier, and Mr. Gérard Lamarche. Their biographies and education can be found in pages 307, 309 and 312 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. Mr. Gérard Lamarche has expertise in financial and accounting matters. 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.

As indicated in the section "*Directorships due for renewal in 2016*" of this Registration Document, Mr. Gérard Lamarche has expressed his intention not to seek reappointment as a director. The Nominating and Governance Committee recommended to the Board of Directors the candidacy of Ms. Isabelle Boccon-Gibod which will be put to the vote of shareholders at their next annual meeting called for May 27, 2016. The Nominating and Governance Committee has also recommended that Ms. Isabelle Boccon-Gibod be appointed member of the Audit Committee to replace Mr. Gérard Lamarche after the shareholder vote because of her strong competences in finance. Since the status of Ms. Isabelle Boccon-Gibod has been confirmed as independent by the Nominating and Governance Committee, her membership of the Audit Committee to replace Mr. Gérard Lamarche will not impact the independence ratios mentioned above.

The Nominating and Governance Committee

The Nominating and Governance Committee has three members appointed by the Board of Directors, including two independent Directors: Ms. Angeles Garcia-Poveda (independent Director), Mr. Olivier Bazil, and Mr. Thierry de la Tour d'Artaise (independant Director). Their biographies and education can be found in pages 306, 307 and 310 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 for 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 Mr. Gérard Lamarche (independent Directors). Their biographies and education can be found in pages 307, 309 and 311 of the Company's Registration Document.

The Compensation Committee is chaired by Ms. Angeles Garcia-Poveda who, thanks to her HR experience and current position as manager at Spencer Stuart, brings to the committee her extensive knowledge of corporate remuneration structures and methodology. Mr. Gérard Lamarche is an expert in international business practices in this area. 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 "*Directorships due for renewal in 2016*" of this Registration Document, Mr. Gérard Lamarche has expressed his intention not to seek reappointment as a director. The Nominating and Governance Committee has recommended that Ms. Éliane Rouyer-Chevalier be appointed member of the Compensation Committee to replace Mr. Gérard Lamarche at the end of his directorship, i.e. effective May 27, 2016. This is due to her expertise in corporate social responsibility, which is a major component of the compensation of the Group's executives, and also her experience and sensitivity in the area of corporate governance. Since Ms. Éliane Rouyer-Chevalier 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 306 and 307 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 Shareholders' General Meetings.

Each Committee meets as often as required to consider issues falling within its purview; meetings are convened by the Chairman of the Committee or by half of its members. The Chairman of the Board of Directors may call a Committee meeting if he/she considers that a Committee has not met as often as required by the rules specific to each Committee, as detailed below. The Chairman may also convene a Committee meeting if he/she deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location. Committees are provided with secretarial assistance by the persons appointed by or in agreement with the Committee Chairman.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

The Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below. The duties and operating rules of the Company's Audit Committee were determined on the basis of the conclusions of the AMF working party on audit committees in July 2010.

Assignment of the Audit Committee

The Committee assists the Board of Directors in the conduct of its mission as regards the adoption of annual company and consolidated financial statements and the preparation of information for shareholders and the market. It monitors the efficiency of internal controls and risk management. It is also charged with monitoring issues relating to the establishment and control of accounting and financial information, as well as legally required verification of accounts.

The Audit Committee must conduct regular hearings of the Statutory Auditors, including hearings without the presence of executive officers.

Should the Audit Committee call upon outside experts, it must ensure that they have the requisite skills and independence.

- **As regards internal control procedures and risk management,** the Board of Directors entrusts the Audit Committee with the following tasks:
  - to ensure that the internal control and risk management systems exist;
  - to assess the efficiency and quality of the Group's internal control procedures, in order to ensure that these contribute to the production of annual separate and consolidated financial statements providing a true and fair presentation of the Company and its Group, and complying with applicable accounting standards;
  - to give its opinion on the organization of the internal audit and risk control departments;
  - to monitor the implementation and effectiveness of risk management procedures;
  - to ensure that corrective actions are implemented in the event of significant weaknesses or flaws;
  - to examine the risks and the material off-balance-sheet commitments, to assess the importance of any failures or weaknesses which are communicated to it and if necessary, to inform the Board of Directors;
  - to ensure the relevance and quality of the Company's financial communications;
  - to hear the person in charge of Corporate Social Responsibility (CSR) on (i) the risks, especially for the CSR risk mapping, (ii) the conclusions of the independent third-party body in charge of reviewing extra-financial data, and (iii) the methods of construction and analysis of the roadmap. In this framework, the Audit Committee may decide, with

approval from the Board of Directors, to entrust special assignments to one of its members, it being specified that in accordance with the provisions of Article 3.5 of the Rules of Procedure of the Board of Directors, undertaking such tasks may give rise to additional fees;

- to receive the internal control and risk management report drawn up in compliance with Article L. 225-37 of the French Commercial Code and to make any observations as it sees fit.

The Statutory Auditors must be heard at the Audit Committee meetings dealing with evaluation of the process for preparing financial information and review of the financial statements in order to report on the execution of their tasks and the conclusions of their work.

The Audit Committee is informed of the main findings of the Statutory Auditors and the internal audit as regards the effectiveness of internal control and risk management systems. It hears the views of the persons responsible for the internal audit and for risk control. It is informed 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 the Chief Financial Officer describing the Company's risk exposures and its material off-balance-sheet commitments.

More generally, for the review of financial statements, the Audit Committee may question, without the presence of the corporate officers or, more generally, of Directors playing an active role in the Company, any person who, in one capacity or another, participates in preparing or auditing the financial statements (finance department, internal audit department and statutory auditors).

- **As regards external control procedures,** the Audit Committee's main task is to ensure the proper examination of the annual separate and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors:
  - by ensuring that the Statutory Auditors fulfill their duty in performing the statutory audit of the annual separate and consolidated financial statements;
  - by overseeing the selection procedure for the Statutory Auditors and examining the issues relating to the appointment, renewal or removal of the Company's Statutory Auditors. The Audit Committee shall suggest to the Board of Directors a procedure for the selection of the Statutory Auditors. In the event of a call for tenders, the Audit Committee must supervise it and approve the specifications and the choice of firms consulted, making sure that the selection results in the appointment of the "best bidder". The Audit Committee also submits a recommendation to the Board of Directors regarding the Statutory Auditors proposed for appointment by the Shareholders' General Meeting;
  - by receiving each year, from the Statutory Auditors, (i) their statement of independence; (ii) the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company, in respect of services not directly related to the Statutory Auditors' engagement, and (iii) information concerning the services supplied in respect of the tasks directly related to the Statutory Auditors' engagement;
  - by examining the amount and details of the remuneration paid by the Group to the Statutory Auditors' firm and to the network to which the firm may belong. In this respect, the Audit Committee is to obtain details of the fees paid by the Company and its Group to the Statutory Auditors' firm and to the network to which it belongs, and to ensure that the amount of such fees, or the fraction they represent of the total revenues of the Statutory Auditors' firm and of the firm's network, are not such that the independence of the Statutory Auditors might be affected.

Operation of the Audit Committee

The Audit Committee meets as often as may be necessary. The Audit Committee must regularly report on its activities to the Board of Directors, and in any event, at the time of the approval of the annual and six-monthly financial statements. The reports of the Audit Committee to the Board of Directors aim at keeping the Board of Directors fully informed in order to facilitate its deliberations.

A meeting of the Audit Committee is validly held if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Pursuant to the provisions of the Code of Corporate Governance and to the extent possible, the Audit Committee meets 48 hours before the review of the financial statements by the Board of Directors, it being specified that this period of time may be reduced from time to time, with the agreement of the Chairman and of the members of the Audit Committee.

Meetings of the Audit Committee may take place by telephone or video-conference.

The Nominating and Governance Committee

The powers and operation of the Nominating and Governance Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Nominating and Governance Committee

The Nominating and Governance Committee is tasked with:

- considering and submitting proposals to the Board of Directors on the various options for the organization of the Company's management and supervision;
- considering and submitting proposals to the Board of Directors for appointment to the positions of Director, Lead Director, Chief Executive Officer, Chief Operating Officer, Chairman of the Board and members and Chairs of the specialized committees; to that end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- submitting proposals to the Board of Directors on the nature of the responsibilities of the specialized committees;
- considering proposals submitted by interested parties, including management and shareholders;
- preparing, under the supervision of the Lead Director, the procedures for the periodic self-evaluation of the Board of Directors and governance bodies, as well as their evaluation by an external consultant, if any;
- preparing a management succession plan so as to be able to recommend options to the Board of Directors, particularly in the event of an unforeseen vacancy;
- examining each year, on a case-by-case basis, the position of each Director in relation to the independence criteria;
- examining changes in the corporate governance rules, monitoring the implementation of those rules by the Company (including the implementation of the 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 corporate officers.

Meetings of the Nominating and Governance Committee

The Nominating and Governance Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Shareholders' Meeting, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Nominating and Governance Committee must report on its activities to the Board of Directors.

The Nominating and Governance Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Nominating and Governance Committee may be held by teleconference or videoconference.

The Compensation Committee

The powers and operation of the Compensation Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Compensation Committee

As regards the compensation of corporate officers, the Compensation Committee is required to:

- assess all forms of compensation, including benefits in kind, insurance and pension entitlements received from any company in the Group and any affiliated company;
- examine and submit proposals to the Board of Directors regarding the compensation of the corporate officers, in particular as regards the calculation of the variable portions of compensation. To this end, it is to define the rules for calculating this variable portion, taking into account the need for consistency with annual assessments of corporate officers' performance and the Group's medium-term strategy; it also oversees proper application of these rules;
- ensure that the Company fulfills its obligations regarding the transparency of compensation. In particular, it prepares an annual activity report which is submitted for the approval of the Board for inclusion in the Company's annual report,

and ensures that all legally required information concerning compensation is fully and clearly set forth in the annual report.

As regards Directors' compensation, the Compensation Committee:

- draws up proposals for the allocation of Directors' fees in accordance with the provisions of the Board's Rules of Procedure;
- makes recommendations concerning any compensation awarded to Directors entrusted with special assignments.

As regards stock-option plans for the purchase of existing shares or subscription to new shares, and all other share-based compensation or compensation indexed on or otherwise linked to shares, the Compensation Committee is tasked with:

- examining the general policy governing eligibility for such schemes and submitting any proposals it may have on this to the Board of Directors;
- reviewing the information on this subject provided in the annual report and to the Shareholders' General Meeting;
- submitting proposals to the Board of Directors regarding the choice to be made from among the options permitted by law and explaining the reasons for such choice, together with its consequences;
- preparing the Board's decisions on such schemes.

In addition, the Committee must be informed of the compensation policy of key senior executives other than executive officers.

Meetings of the Compensation Committee

The Compensation Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Shareholders' Meeting, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Compensation Committee must report on its activities to the Board of Directors.

The Compensation Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Compensation Committee may take place by teleconference or videoconference.

The Strategy and Social Responsibility Committee

The powers and operation of the Strategy and Social Responsibility Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Strategy and Social Responsibility Committee

The mission of the Strategy and Social Responsibility Committee is to assist the Board of Directors in its decisions on strategic directions for the Company's business, and in particular to:

- examine all significant projects concerning the Group's development and strategic positioning, in particular projects for strategic partnerships and significant investments or divestments;
- examine draft annual budgets submitted to the Board of Directors. For this purpose, the Strategy and Social Responsibility Committee may hear from Company managers on the assumptions used to draw up or amend these budgets;
- assess consistency between Group strategy and the CSR principles espoused by the Group and ensure that management conducts an analysis of internal or external factors related to CSR stakes (risks and opportunities) which have an influence on the Group, such as regulations, third-party expectations and sectorial comparisons;
- evaluate the adequacy of the resources available to the Group for the successful implementation of its CSR strategy, in view of the objectives pursued;
- take cognizance of the main findings and observations of the independent third-party body, assess them and examine the related management action plans.

Operation of the Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year. The Strategy and Social Responsibility Committee must report on its activities to the Board of Directors.

The Strategy and Social Responsibility Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by telephone or videoconference.

Services offered by external consultants

The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon.

In the event of Committees having recourse to services offered by external consultants, the Committees must ensure that the consultant concerned is objective.

6.1.3.3 WORK DONE BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2015

Work done by the Audit Committee in 2015

The Audit Committee met five times in 2015. 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, 2014 and the management report on the consolidated financial statements, review of the quarterly consolidated financial statements to March 31, 2015, the half-yearly consolidated financial statements to June 30, 2015 together with the half-yearly financial report, and the quarterly consolidated financial statements to September 30, 2015,
  - review of the Statutory Auditors' work at December 31, 2014 and June 30, 2015,
  - review of key figures in the press release on the annual, quarterly and half-yearly consolidated financial statements and assumptions on the outlook for 2015, as well as accounting options,
  - assess how dividends will be distributed and the consequences of such distribution on resolutions for the Annual Shareholders' Meeting of May 29, 2015.
- 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: 2014 summary and review of the 2015 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:
  - change of Chairmanship of the Audit Committee,
  - presentation of the Registration Document.

Pursuant to the Rules of Procedure of the Company's Board of Directors, the Audit Committee, as part of its duties, met with the Chief Financial Officer, as well as the heads of internal audit and risk control. 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 Compensation Committee(1) in 2015

The Nominating and Compensation Committee met three times in 2015. Attendance for the year was 100%. The Committee met to consider the following agenda:

- Compensation:
  - Executive Director compensation:
    - review of the overall compensation structure,
    - calculation of compensation for 2014,
    - determination of the principles of compensation for 2015;
  - long-term incentive plans / performance action plan:
    - rules of the 2015 performance action plan and principles of the 2015 units of value plan,
    - approval of individual award of performance shares to the Executive Director and the Group's key managers,
    - determination of number of shares that the Executive Director is required to retain in registered form until the termination of his duties as concerns performance shares;
  - determination of terms of coverage of the performance share and share subscription or purchase plans, where the vesting period expires in 2016;
  - attendance fees:
    - amounts distributed in 2014,
    - proposal of an overall annual reimbursement budget.
- Membership of the Board of Directors and its Committees:
  - procedure for the review of the status of independent directors,
  - annual review of the diversity policy of the Board of Directors,
  - recommendation for the renewal of the Director's mandate of Ms. Éliane Rouyer-Chevalier,

(1) In the interest of good governance, the Board Meeting of March 18, 2015 amended its Rules of Procedure in order to redefine the functions of the Nominating and Compensation Committee, which were divided between two new committees namely the Nominating and Governance Committee and the Compensation Committee.

The work presented in this section was done by the Nominating and Compensation Committee before its effective break-up into two distinct committees.

- recommendation concerning the membership of the Audit Committee, Nominating Committee & Governance and Compensation Committee.

- Group succession plans:
  - Annual review of existing succession plans, whether in the long term or in the case of unforeseen events, concerning the 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 rules of procedure of the Board of Directors,
  - update on the assessment of the operation of the Board of Directors and of its Committees conducted by an external consultant.

Work done by the Strategy and Social Responsibility Committee in 2015

The Strategy and Social Responsibility Committee met three times in 2015. Attendance for the year was 83%. The Committee met to consider the following agenda:

- Acquisitions:
  - review of acquisitions made since 2005,
  - examination of proposed acquisitions,
  - definition of strategic orientations for future acquisitions.
- Budget:
  - presentation of the 2014 estimate and the 2015 draft budget,
  - approval of the 2015 budget.
- Corporate Social Responsibility:
  - review of Legrand's CSR strategy and assessment of the 2014-2018 roadmap,
  - review of priorities for 2015,
  - review of the Legrand Foundation's actions.

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.

Readers are invited to refer to page 306 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 Shareholders' Meeting called to approve the financial statements from the past year and held in the same year the age limit is reached. The Chief Executive Officer can always be reelected. The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority. If the Chief Executive Officer is temporarily unable to perform his/her functions, the Board of Directors may appoint a Director to act as Chief Executive Officer. The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him/her. The Chief Operating Officer must always be a physical person. They may or may not be a Director. In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer as well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer. If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

Choice of the combination of the offices of Chairman and Chief Executive Officer by the Board of Directors

According to the Code of Corporate Governance, *"corporations with boards of Directors have an option between separation of the offices of chairman and chief executive officer and maintenance of the combination of such duties. The law does not favor either formula and allows the Board of Directors to choose between these two forms of exercise of executive management"*.

At its meeting of March 17, 2006, the Board of Directors decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This form of governance was chosen in the context of the Company's initial public offering and has proved efficient ever since. The combination of duties corresponds both to Company tradition and to the reality of Legrand's operating model. The Board confirmed this decision when it reelected Gilles Schnepp on May 27, 2014.

The combination of duties takes effect in a context of respect for the respective prerogatives of the various governance bodies, and a certain number of safeguards have been established within the Company to guarantee the proper operation of the Board of Directors and its specialized committees, to ensure a balance of powers within the Company and, generally, to prevent or resolve any situations of conflict of interest.

In this regard, it should be noted that:

- pursuant to the Rules of Procedure of the Board of Directors, the mandatory appointment of a Lead Director whose duties, means and prerogatives (particularly the power to directly call a meeting of the Board of Directors to consider a particular agenda, the importance or urgent nature of which would justify that an extraordinary meeting of the Board 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;
- appointment of Ms. Angeles Garcia-Poveda as Lead Director by the Board on November 6, 2013;
- setting up an annual meeting of Non-Executive Directors, chaired by the Lead Director;
- existence of a significant proportion of independent Directors on the Board of Directors (70%) and its specialized committees (100% on the Audit Committee, 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 Rules of Procedure of the Board of Directors comprise various other safeguards, including the possibility for the specialized committees to call upon the help of outside experts; the possibility granted to the Audit Committee to question the Statutory Auditors without Executive Directors being present, or to question any persons contributing to the production or control of Company financial statements, without Executive Directors or any Directors holding active positions within the Company being present (for more details, see Section 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 Directors 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 Rules of Procedure.

6.1.4.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations which are non-invocable to third parties and which the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to Shareholders' General Meetings and to the Board of Directors.

The Rules of Procedure of the Board of Directors lists the important decisions and transactions requiring prior approval from the Board of Directors. These decisions and transactions are presented in Section 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 present in this body (French, American and Italian) and they reflect the history and business division of Legrand.

As of the filing date of this Registration document, the Executive Committee is made up of the following:

Name	Duties	Date of joining the Group
Mr. Gilles Schnepp	Chairman and Chief Executive Officer	1989
Ms Karine Alquier-Caro	Executive VP Purchasing	2001
Ms Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr Antoine Burel	Chief Financial Officer	1993
Mr Benoît Coquart	Executive VP France	1997
Mr Xavier Couturier	Executive VP Human Ressources	1988
Mr Paolo Perino	Chairman of Biticino 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

6.1.5 - Service agreements

As of the date of this Registration Document and as far as the Company is aware, there is no services contract in force entered into between members of administration or management bodies and the Company or any of its subsidiaries which stipulates the awarding of benefits.

6.2 - COMPENSATION AND BENEFITS OF DIRECTORS

6.2.1 - Principles and rules for determining the compensation and benefits of the Directors

The compensation of Executive Directors is set by the Board of Directors on the basis of recommendations made by the Compensation Committee, which helped compile this chapter.

As a reminder, the Company complies fully with the Code of Corporate Governance's recommendations except for the clause summarized in the table on page 150; the reason for leaving out this element has also been provided in the same table, in line with the "comply or explain" principle.

6.2.1.1 COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principles for determining compensation

The Chairman and Chief Executive Officer's compensation includes the following items, it being specified that he receives no compensation either in the form of attendance fees or any other compensation in respect of Directorships held in Group subsidiaries:

A - Annual compensation

The annual compensation of the Chairman and Chief Executive Officer has been determined on the basis of the principles mentioned in the Code of Corporate Governance: completeness, balance in compensation elements, benchmark, interpretability and coherence or rules and measures. It includes the following items:

- **a fixed annual compensation of €625,000**. The amount of fixed annual compensation was set at €625,000 by the Board of Directors on March 3, 2011, 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 and 2015, the Chairman and Chief Executive Officer requested that no changes be made to his fixed annual compensation and that it remain at €625,000;
- **variable compensation, the target value of which was set at 80% of fixed compensation 60% quantitative / 20% qualitative,** which could vary between 0% and 120% of said fixed compensation, depending on the extent to which the pre-established qualitative and quantitative criteria presented on page 183 were achieved.

  It should be noted that previously (until 2014 inclusive), the variable annual compensation could vary between 0% and 150% of fixed annual compensation, with a target value set at 100% of fixed annual compensation. In agreement with the Chairman and Chief Executive Officer, the Board, on the recommendation of the Compensation Committee, amended the structure of the Chairman and Chief Executive Officer's compensation in order to align it with best market practices by gradually re-balancing the general structure towards long-term compensation elements, with a reduction in variable annual compensation and an increase in the target value of long-term compensation. The summary of 2015 compensation (fixed, variable, annual and long-term) is presented on pages 180 and seq.

B - Long-term incentive

The long-term incentive for the Chairman and Chief Executive Officer was designed to reflect the achievement by the Group of long-term economic performance. It may take the form of either of the following instruments:

- incentive in the form of future performance units, paid in cash **("Future Performance Units")**; or
- incentive in the form of stock option or performance share plans.

Long-term compensation plans approved by the Board of Directors are presented below, and in summary, consist for 2013 and 2014 in Future Performance Units and for 2015 in performance share plans.

a) Future Performance Units

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:

STAGE 1

Allocation by the Board of Directors of an initial number of Future Performance Units

This number is theoretical since it corresponds to the target achievement rate of the future performance conditions attached to the Future Performance Units

3-year vesting period

STAGE 2

Review of the performance conditions attached to Future Performance Units based on the Group's future achievements over the next 3 years

Subject to compliance with an employment condition, the final number of vested Future Performance Units is calculated according to achievement of performance conditions

STAGE 3

Application of an additional 2-year lock-in period

During this period, no payment will be made in respect of the Future Performance Units

2-year lock-in period

STAGE 4

Payment of Future Performance Units

After taking into account the indexing of the Future Performance Units to Legrand's share price during the lock-in period

Nature of the performance conditions attached to the Future Performance Units, tested after a three-year vesting period from the date of the first award

The performance conditions attached to the Future Performance Units are twofold and have been determined so as to better recognize the Group's future achievements:

Nature of performance conditions	Description of performance conditions	Weighting of performance conditions in the total allocation
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in the consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period and the arithmetic average of EBITDA margins achieved by the companies comprising the MSCI World Capital Goods index over the same period	50% of the total allocation
"Internal" performance condition	Arithmetic average of the level *of normalized* free cash flow as a percentage of sales, as published in the consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period, compared to the target	50% of the total allocation

For each Future Performance Unit plan, 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:

Calculation method to determine the number of Future Performance Units finally granted

<table>
<tr><th rowspan="4">2013 Performance Unit Plan</th><th>"External" performance condition</th><th>Min</th><th>Target</th><th>Max</th><th>Comments</th></tr>
<tr><td></td><td>■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points in the Company's favor</td><td>■ Allocation equals 100% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor
■ Linear calculation between 4 and 8.3 points</td><td>■ Allocation equals 145% of half the Future Performance Units if the difference between the two averages is equal to 12 or more points in the Company's favor
■ Linear calculation between 8.3 and 12 points</td><td>Target level of an 8.3 point difference corresponds to the average difference recorded between 2006 and 2011. Legrand improved its relative performance over this period. The criterion thus set corresponds to this relative outperformance being maintained.</td></tr>
<tr><td>"Internal" performance condition</td><td>Min</td><td>Target</td><td>Max</td><td>Comments</td></tr>
<tr><td></td><td>■ Allocation equals 0 if the average normalized free cash flow as a percentage of sales is equal to 9% or less</td><td>■ Allocation equals 100% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.4%
■ Linear calculation between 9% and 12.4%</td><td>■ Allocation equals 145% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 16% or more
■ Linear calculation between 12.4% and 16%</td><td>The target level set for the 2013 plan is consistent with objectives disclosed to the market at the beginning of 2013 for that same year.</td></tr>
<tr><th rowspan="6">2014 Performance Unit Plan</th><td>"External" performance condition</td><td>Min</td><td>Target</td><td>Max</td><td>Comments</td></tr>
<tr><td></td><td>■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points in the Company's favor</td><td>■ Allocation equals 100% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor</td><td>■ Allocation equals 150% of half the Future Performance Units if the difference between the two averages is equal to 10.5 or more points in the Company's favor</td><td rowspan="2">The target level of 8.3 point difference corresponds to the average difference recorded between 2006 and 2011. Legrand improved its relative performance over this period. The criterion thus set corresponds to this relative outperformance being maintained.</td></tr>
<tr><td></td><td colspan="3">■ Linear calculation between 4 and 10.5 points</td></tr>
<tr><td>"Internal" performance condition</td><td>Min</td><td>Target</td><td>Max</td><td>Comments</td></tr>
<tr><td></td><td>■ Allocation equals 0 if the average normalized free cash flow as a percentage of sales is equal to 9.4% or less</td><td>■ Allocation equals 100% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.8%</td><td>■ Allocation equals 150% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more</td><td rowspan="2">The target level set for the 2014 plan is consistent with objectives disclosed to the market at the beginning of 2014 for that same year.</td></tr>
<tr><td></td><td colspan="3">■ Linear calculation between 9.4% and 14.5%</td></tr>
</table>

Methodology for indexing the value of the vested Future Performance Units to the share price during the additional two-year lock-in period:

An additional two-year lock-in period is imposed after the three-year vesting period, during which no payment may be made in respect of the Future Performance Units. During this period, the value of the Future Performance Units is indexed to the Legrand share price.

At the end of the two-year lock-in period, the amount to be paid to Mr. Gilles Schnepp will be equal to the unit value of his Future Performance Units[(1)], plus the equivalent of dividends per share paid on Legrand shares during the two-year lock-in period and capitalized over said period and multiplied by the number of Future Performance Units held by Mr. Gilles Schnepp. As stated, the amount that will be paid to Mr. Gilles Schnepp may not, in any event, exceed 150% of his fixed compensation.

b) Stock option and performance share 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 complying with the rules on the allocation of options and performance shares defined in the Code of Corporate Governance, apart from the recommendation on the granting of performance shares on the condition that a set number of shares be purchased when granted performance shares vest. Mr. Gilles Schnepp has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all vested shares (including options and performance shares) until the termination of his duties. As a result, the Board of Directors, on the proposal of the Compensation Committee, has decided not to comply with this recommendation to the letter, as the undertaking to retain shares constitutes a scheme with equivalent effect.

Stock option plans

Since the March 4, 2010 Plan, no options to purchase or subscribe to shares have been allocated.

Performance share plans

On the recommendation of the Compensation Committee, the Board of Directors, at its meeting of May 29, 2015, decided to implement a performance share plan to which Mr. Gilles Schnepp is entitled (the **"2015 Performance Share Plan"**).

The vesting period under the 2015 Performance Share Plan regulation is slightly above four years, from May 29, 2015 to June 17, 2019, on the understanding that the final allocation of performance shares is subject to an attendance criterion.

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 depending on the achievement of "external" and "internal" performance conditions.

The applicable performance conditions, which are based on all performance shares, are identical to those attached to the Future Performance Units, as recalled above in the paragraph entitled "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".

(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.*

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:

<table>
<tr><th colspan="6">Calculation method to determine the number of Performance Shares finally granted</th></tr>
<tr><td rowspan="6">2015 Performance Share Plan</td><td rowspan="3">"External" performance condition</td><td>Min</td><td>Target</td><td>Max</td><td>Comments</td></tr>
<tr><td>■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points in the Company's favor</td><td>■ Allocation equals 100% of half the Performance Shares if the difference between the two averages is equal to 8.3 points in the Company's favor</td><td>■ Allocation equals 150% of half the performance shares if the difference between the two averages is equal to 10.5 or more points in the Company's favor</td><td rowspan="2">The target level of 8.3 point difference corresponds to the average difference recorded between 2006 and 2011. Legrand improved its relative performance over this period. The criterion thus set corresponds to this relative outperformance being maintained.</td></tr>
<tr><td colspan="3">■ Linear calculation between 4 and 10.5 points</td></tr>
<tr><td rowspan="3">"Internal" performance condition</td><td>Min</td><td>Target</td><td>Max</td><td>Comments</td></tr>
<tr><td>■ Allocation equals 0 if the average normalized free cash flow as a percentage of sales is equal to 9.4% or less</td><td>■ Allocation equals 100% of half the performance shares if the average normalized free cash flow as a percentage of sales is equal to 12.8%</td><td>■ Allocation equals 150% of half the performance shares if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more</td><td rowspan="2">The target level set for the 2015 plan is consistent with objectives disclosed to the market at the beginning of 2015 for that same year.</td></tr>
<tr><td colspan="3">■ Linear calculation between 9.4% and 14.5%</td></tr>
</table>

C - Other elements of compensation

Pension plans

Since 2015, the Chairman and Chief Executive Officer has unilaterally and irrevocably waived the benefit of any supplementary pension plan. The Board of Directors took note of the waiver.

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 line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Mr. Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

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.

6.2.1.2 ATTENDANCE FEES PAID TO DIRECTORS

The Board of Directors allocates attendance fees to Directors based on the recommendation of the Compensation Committee 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 Shareholders' Meeting is €800,000. This amount remains in force until a new one is adopted by the General Shareholders' 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. As the Board of Directors met six times in 2014, the maximum variable portion of attendance fees for the year amounted to €30,000, in line with the Code of Corporate Governance which recommends that the variable portion of attendance fees be predominant;
- €2,000 is also paid to each Director who is also a member of a specialized committee for each specialized committee meeting they attend (thus, a Director who fails to attend any meetings of the specialized committee to which he or she belongs would receive no attendance fees in this regard); and
- an additional €20,000 paid to the Chairman of the Audit Committee and an additional €10,000 paid to the Chairmen of the other specialized committees.

With regard to the Lead Director, and in view of the duties specific to this role, the Board of Directors decided to allocate to said Director an additional amount of attendance fees corresponding to one times the fixed portion of attendance fees for one year (information regarding the Lead Director's duties is provided in section 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.

Please refer to section 6.2.2.2 of the Company's Registration Document on attendance fees paid to Directors during financial years 2014 and 2015.

6.2.2 - Compensation and benefits of Directors

6.2.2.1 COMPENSATION AND BENEFITS OF THE EXECUTIVE DIRECTOR

The summary tables of all of the components of due and paid compensation for the 2015 and 2014 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, are presented below.

Information on the application of the Code of Corporate Governance is presented in section 6.1 and page 178 of the Company's Registration Document.

Table 1 – Summary of compensation, stock options and shares allocated to the Executive Director

		2014	2015
Gilles Schnepp, Chairman and Chief Executive Officer			
Compensation **due in respect** of the financial year (see Table 2 below for details)			
	(in euros)	1,163,928	1,160,000
Value of long-term incentive allocated during the financial year			
	(in euros)	600,508(1)	
Value of options allocated **during the** financial year (see Table 4 below for details)			
	Number of options	-	-
	Value *(in euros)*	-	-
Value of performance shares allocated **during the** financial year (see Table 6 below for details)			
	Number of shares	-	-
	Value *(in euros)*		640,909(2)
TOTAL		**1,764,436**	**1,800,909**

(1) Amount, as determined by an independent expert pursuant to IFRS 2, of the performance units allocated in 2014 and subject to the future performance conditions detailed in section 6.2.1.1 of the Company's Registration Document. The performance units are not immediately due since the attached performance conditions will be reviewed as from Monday, March 06, 2017 and since no payments with respect to performance units shall take place before March 2019.

(2) Amount, as determined by an independent expert pursuant to IFRS 2, of the performance shares allocated in 2015 and subject to the future performance conditions detailed in section 6.2.1.1 of the Company's Registration Document.

Table 2 – Summary table of compensation for the Executive Director

(in euros)	2014 Amounts due	2014 Amounts paid	2015 Amounts due	2015 Amounts paid
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Annual bonus	535,000(1)	710,000(2)	535,000(3)	535,000
Long-term incentive(4)	-	-	-	-
Exceptional bonus	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind(5)	3,928	3,928	0	0
TOTAL	**1,163,928**	**1,338, 928**	**1,160,000**	**1,160,000**

(1) Mr. Gilles Schnepp's variable compensation for the 2014 financial year was determined by the Board of Directors on the recommendation of the Compensation Committee, and corresponds to meeting all quantitative and qualitative targets at 57.1% of the maximum or 85.6% of the target. Details of the calculations are given in the section entitled "Annual bonus paid to the Executive Director" on page 173 of the 2014 Registration Document filed with the French Financial Markets Authority under number D.15-0352.

(2) Mr. Gilles Schnepp's variable compensation for the 2013 financial year was determined by the Board of Directors on the recommendation of the Compensation Committee, and corresponds to meeting all quantitative and qualitative targets at 72.4% of the maximum or 113.6% of the target. Details of the calculations are given in the section entitled "Annual bonus paid to the Executive Director" on page 172 of the 2013 Registration Document filed with the French Financial Markets Authority under number D.14-0274.

(3) Mr. Gilles Schnepp's variable compensation for the 2015 and the one for the 2014 financial year are identical because Mr Gilles Schnepp, on his own initiative, waived a portion of his variable compensation for 2015, maintaining it at the 2014 level of €535,000. Mr. Gilles 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 quantitative and qualitative targets at 84.1% of the maximum or 126.1% of the target. Details of the calculations are given below under the section entitled "Annual bonus paid to the Executive Director"), page 183 of the Registration Document.

(4) The performance units do not correspond to amounts due as the attached performance conditions will be reviewed as from March 7, 2016 for the 2013 plan and as from March 6, 2017 for the 2014 plan, it being understood that some data required for the assessment of performance conditions will only be available from June 2016 (for the 2013 plan) and June 2017 (for the 2014 plan). No payments with respect to performance units shall take place before March, 2018 for the 2013 plan and before March, 2019 for the 2014 plan.

(5) Amount for the provision of a company car until November 2014. Mr. Gilles Schnepp has since waived his entitlement to a company car.

Fixed compensation paid to the Executive Director

For the 2015 financial year, the fixed compensation paid to Mr. Gilles Schnepp was €625,000, unchanged from the 2011 financial year.

Annual bonus paid to the Executive Director

The annual bonus paid to Mr. Gilles Schnepp for the 2015 financial year was determined by the Board of Directors on March 17, 2016, based on the recommendation of the Compensation Committee and after applying the criteria set at the beginning of 2015 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.

As stated on page 175, the general structure of the Executive Director's compensation was modified in 2015, with the gradual re-balancing of the compensation towards long-term compensation components. In this respect, the Board decided to reduce the weighting of the annual bonus in Mr. Gilles Schnepp's total compensation, the target value henceforth being set at 80% of fixed compensation (versus 100% in 2014) and the maximum value at 120% (versus 150% in 2014). However, the modification did not result in any change in the weighting of the criteria used in determining the monetary amount of the Executive Director's annual bonus, with their respective weights remaining unchanged versus past financial years.

				Min	Target	Max	Actual
Quantitative 75% of variable total 60% of fixed compensation (as a target)	Economic income	Adjusted operating income less the cost of capital employed in €m	As a % of fixed compensation	0%	**40%**	60%	**52.6%**
			Indicator value	614	707	800	766
	Organic growth of net sales	Organic growth of net sales as a %	As a % of fixed compensation	0%	**8%**	12%	**10%**
			Indicator value	-3%	-1%	+2%	0.5%
	Acquisitions	2015 revenue growth by scope of consolidation	As a % of fixed compensation	0%	**4%**	6%	**1.2%**
			Indicator value	0%	5%	10%	1.5%
	Corporate Social Responsibility (CSR)	Average rate of achievement of 2015 intermediate targets for the 21 priorities in the 2014-2018 Sustainable Development roadmap	As a % of fixed compensation	0%	**8%**	12%	**9.1%**
			Indicator value	70%	100%	130%	108%*
	QUANTITATIVE TOTAL			**0%**	**60%**	**90%**	**72.9%**
Qualitative 25% 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, consolidation/development of acquisitions already made		0%	**8%**	12%	**10%**
	General criteria	Risk management, labour issues, succession plans		0%	**4%**	6%	**6%**
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**28%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**	**100.9%**

* *Note that, as in 2014, some 2015 milestones were achieved with an outperformance of more than 130% (see chapter 4 of this Registration Document for details) but that for the calculation of Mr. Gilles Schnepp's variable compensation, the achievement rate of these average milestones was limited to a maximum of 130%. As a result, the rate of achievement of the CSR roadmap used for this calculation (108%) and indicated in the above table is lower than the actual achievement rate of the CSR roadmap (120%) presented in chapter 4 of this Registration Document.*

Therefore, for the 2015 financial year, the quantitative and qualitative targets were met at 84.1% of the maximum, i.e. 126.1% of the target. As a result, Mr. Gilles Schnepp's variable compensation for 2015 amounted to €630,625. However, on his own initiative, Mr. Gilles Schnepp waived a portion of his variable compensation for 2015 in order to maintain it at the 2014 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 quantitative portion is set at 60% of fixed compensation with a possible variation of between 0% and 90% of said fixed compensation. The 2015 achievement of this quantitative portion totaled 72.9% of fixed compensation, determined based on 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 €707 million with a variation of between 0% and 60% of fixed compensation for economic income of between €614 million and €800 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 2015, with the target of this portion of the bonus being set at -1.0% (with a variation of between 0% and 12% of fixed compensation for organic growth between -3.0% and +2.0%),
- up to 4% of fixed compensation (target value) based on criteria linked to 2015 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 the average achievement of 2015 milestones of the 21 priorities set out in the 2014-2018 Sustainable Development roadmap, the target being set at 100% (with a variation of between 0% and 12% of fixed compensation for an average achievement of the 2015 milestones of between 70% and 130%);

b) the target value of the qualitative portion was set at 20% of fixed compensation with a possible variation of between 0% and 30% of said fixed compensation. The 2015 achievement of this qualitative portion totaled 28% 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:

- 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, labor 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 incentive

Future Performance Units

The amount of the performance units allocated to Mr. Gilles Schnepp in 2013 and subject to the future performance conditions detailed in section 6.2.1.1 of this Registration Document and to an employment condition was determined by an independent expert pursuant to IFRS 2 and stood at €605,221. The performance units are not immediately due since the attached performance and employment conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 2018.

The amount of the performance units allocated to Mr. Gilles Schnepp in 2014 and subject to the future performance conditions detailed in section 6.2.1.1 of this Registration Document and to an employment condition was determined by an independent expert pursuant to IFRS 2 and stood at €600,508. The performance units are not immediately due since the attached performance and employment conditions will be reviewed as from March 6, 2017 and since no payments with respect to performance units shall take place before March 2019.

Options for the subscription or purchase of shares

In 2015, no options to purchase or subscribe to shares have been allocated.

Performance shares

As concerns the allocation of performance shares in 2015, Mr. Gilles Schnepp was allocated performance shares subject to the future performance conditions detailed in section 6.2.1.1 of this Registration Document. Their value was determined by an independent expert pursuant to IFRS 2 and stood at €640,909.

The vesting period of the performance shares allocated in 2015 will end on June 17, 2019. 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, in line with the recommendations of the French Financial Markets Authority, he will not be allocated 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;
- in case of retirement during the vesting period, the number of shares allocated will be restated proportionally based on the number of years of service as Executive Director during the vesting period.

Table 4 – Options for the subscription or purchase of shares awarded by the Company and by any Group company to the Executive Director during the financial year

The Company or any other Group company did not grant any options for the subscription or purchase of shares to the Executive Director during the 2015 financial year.

Table 5 – Options for the subscription or purchase of shares exercised by the Executive Director during the financial year

Executive Director	Date of plan	Number of options exercised during the year	Exercise price*
Gilles Schnepp	2007 plan (May 15, 2007)	40,880	25.12
	2008 plan (March 5, 2008)	72,824	20.51
	2009 plan (April 3, 2009)	48,460	13.08

* *As mentioned in chapter 7.2 of the Registration Document, on May 29, 2015, the number and exercise price of stock options was adjusted, under the conditions of Section 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 Shareholders' General Meeting.*

It has to be noted that the shares issued upon exercise of options during the financial year by the Executive Director has been held by him at the date of registration of this Registration Document.

Table 6 – Performance shares freely allocated by the General Shareholders' Meeting during the financial year to the Executive Director by the Company and by any Group company

Executive Director	Date of plan	Number of shares allocated during the year	Value of shares according to the method applied to the consolidated financial statements	Vesting date	Availability date	Performance conditions
Gilles Schnepp	2015 plan (May 29, 2015)	14,366*	€640,909	6/17/2019	6/17/2019	For a description of applicable performance conditions, see page 179 of this Registration Document.

* *Mr. Gilles Schnepp, on his own initiative, waived a portion of the shares allocated during the 2015 financial year, a waiver of which the Board of Directors took due note in the meeting of March 17, 2016.*

Table 7 – Performance shares freely allocated which were vested by the Executive Director during the financial year

Executive Director	Date of plan	Number of shares vested during the year	Vesting conditions
Gilles Schnepp	N/A	Nil	N/A

Compensation and benefits due on termination of Executive Director's positions

Table 11

	Contract of employment[(1)]		Supplementary pension plans[(2)]		Indemnities or benefits due or which may become due as a result of termination or change of office		Non-compete clause compensation[(3)]	
Executive Director	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and Chief Executive Officer		x		x		x		x
Commencement: 5/27/2014								
Expiration: Shareholders' General Meeting called to consider the accounts for the year ending December 31, 2017								

(1) In line with the recommendations of the Code of Corporate Governance, the Board of Directors meeting of March 4, 2009 took due note of the decision of Mr. Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

(2) At the Board of Directors meeting of March 18, 2015, Mr. Gilles Schnepp waived his entitlement to any supplementary pension plan.

(3) Following the decision of the Board of Directors meeting of March 18, 2015 to remove the non-compete clause, Mr. Gilles Schnepp is no longer entitled to compensation in that respect.

6.2.2.2 COMPENSATION OF NON-EXECUTIVE DIRECTORS

The table below presents the amounts paid in attendance fees for 2014 and 2015 for the participation of the Directors in the work done in the previous year. The amount of fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of Committee members, meetings of Board Committees (the rules relating to the determination of the attendance fees are outlined in section 6.2.1.2 of the Company's Registration Document).

Table 3 – Attendance fees and other payments to non-executive

Non-executive Directors	Gross amounts paid in 2014 *(in euros)*	Gross amounts paid in 2015 *(in euros)*
Olivier Bazil		
Attendance fees	42,083	65,000
Other payments		
Christel Bories		
Attendance fees	44,083	76,000
Other payments	-	
Jacques Garaïalde(1)		
Attendance fees	14,583	
Other payments	-	
Angeles Garcia-Poveda		
Attendance fees	47,417	100,000
Other payments	-	
François Grappotte		
Attendance fees	35,000	50,000
Other payments	-	
Gérard Lamarche		
Attendance fees	56,000	78,000
Other payments	-	
Thierry de La Tour d'Artaise		
Attendance fees	26,000	45,000
Other payments	-	
Frédéric Lemoine(2)		
Attendance fees	25,333	
Other payments	-	
Dongsheng Li		
Attendance fees	26,000	35,000
Other payments	-	
Annalisa Loustau Elia(3)		
Attendance fees	20,417	50,000
Other payments	-	
Eliane Rouyer-Chevalier		
Attendance fees	40,000	58,000
Other payments	-	
Patrick Tanguy(2)		
Attendance fees	23,333	
Other payments	-	
TOTAL	**400,250**	**557,000**

(1) End of term on May 24, 2013.

(2) End of term on July 31, 2013.

(3) Director whose appointment was approved by the Shareholders' General Meeting of May 24, 2013.

The Board of Directors meeting of March 17, 2016 approved the payment in 2016 of EUR 532,000 as attendance fees in respect of the 2015 financial year.

The Executive Director waived his right to receive attendance fees from 2011.

6.2.3 - Shareholding by Directors

Please refer to pages 306-312 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 Components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2015 financial year, submitted for shareholders' opinion

Pursuant to the provisions of the Code of Corporate Governance, shareholders will be consulted on the compensation components due or attributed to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2015 financial year, at the next Shareholders' General Meeting convened to approve the 2015 financial statements. These components are detailed in the following table:

Compensation components due or allocated for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date.
Annual bonus	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2015 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 the annual fixed compensation (with a target value set at 60%) depending on a quantitative portion calculated on the basis of criteria linked to (i) achievement of a certain level of "economic result," i.e. adjusted operating income less the cost of capital employed, (ii) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2014-2018 sustainable development roadmap; and ■ from 0% to 30% of the annual fixed compensation (with a target value set at 20%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the external growth policy (adherence to set priorities, emphasis on multiples, consolidation/development of acquisitions already made), and (iii) other general criteria, especially risk management, labor issues, and succession plans. Based on the work and proposals of the Compensation Committee, the Board, at its meeting on March 17, 2016, set: ■ the amount of the variable portion of the 2015 compensation due in respect of meeting quantitative targets at 72.9% of annual fixed compensation; and ■ the amount of the variable portion of the 2015 compensation due in respect of meeting qualitative targets at 28% of annual fixed compensation; and therefore corresponding to an achievement rate of 84.1% of the maximum annual variable compensation and 126.1% of the target of €630,625. Details of the rate of achievement of the quantitative and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document. However, the amount of Mr. Gilles Schnepp's variable compensation for 2015 and for 2014 are identical because, on his own initiative, Mr. Gilles Schnepp waived a portion of his variable compensation for 2015 in order to maintain it at the 2014 level of €535,000.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long term incentive	Not applicable	There was no grant during the 2015 financial year.
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional compensation.

Compensation components due or allocated for the year just ended	Amounts or accounting valuation submitted for vote	Details
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the 2015 financial year.
	Performance shares: value: €640,909	On the recommendation of the Compensation Committee, the Board of Directors, at its meeting of May 29, 2015, decided to implement the 2015 Performance Share Plan. This plan (in particular the performance conditions applicable to allocated shares) is described in sections 6.2.1.1 and 6.2.2.1 of the Company's Registration Document, pages 178-179 and 184, as well as in chapter 7.3 of the Company's Registration Document, page 197. Under the plan, the allocation to Mr. Gilles Schnepp corresponds to 3.75% of the total allocation*. As stated previously, the Board of Directors meeting of May 29, 2015 had an authorization from the Shareholders' General Meeting of May 24, 2013 (Resolution 9) *[Authorization for the allocation of existing or new shares to employees and/or corporate officers]*
	Other long-term compensation component: Not applicable	There was no grant during the 2015 financial year.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees with respect to his mandates within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

* *This calculation takes into account (i) the adjustment of the number of performance shares realized with consideration to the payment modalities of the dividend as decided by the General Shareholder's Meeting, on May, 29th 2015, in order to take into consideration the impact of this operation on the interests of the beneficiaries of the performance shares (readers are invited to refer to Chapter 7.3 of this Registration Document) and (ii) the decision of Mr. Gilles Schnepp to renounce to a part of the shares allotted during the 2015 financial year, which decision has been noted by the Board of Directors on March, 17th 2016 (for further information, readers are invited to refer to Table 6 "Performance shares freely allocated by the General Shareholders'Meeting during the financial year to the Executive Director by the Company and by any Group company", page 185 of the Registration Document).*

Compensation components voted upon by the Shareholders' General Meeting in accordance with the procedure relating to regulated agreements and commitments

Compensation components voted upon by the Shareholders' General Meeting 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	In 2015, Mr. Gilles Schnepp unilaterally and definitively waived his entitlement to any supplementary pension plan.

SHARE OWNERSHIP

07

7.1 - BREAKDOWN OF SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2015.

7.1.1 - Shareholding structure at December 31, 2015 and changes to the shareholding structure in 2015

7.1.1.1 SHAREHOLDING STRUCTURE AT DECEMBER 31, 2015

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 managers and the former managers who have exercised functions in the Group, and to shares held by employees in an employee savings investment fund (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

7.1.1.2 CHANGES IN SHAREHOLDING DURING THE 2015 FINANCIAL YEAR AND INFORMATION ON BREACHES OF LEGAL THRESHOLDS

The Company was not informed of any breach of legal thresholds during the 2015 financial year.

To the best of the Company's knowledge, and based on the threshold disclosures filed with the French Financial Markets Authority ("**AMF**"), no shareholder, other than Massachusetts Financial Services (MFS) Company[1], holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this Registration Document.

(1) Based on a threshold disclosure notification filed with the AMF on August 14 and 19, 2013 (10.78% of the share capital and 10.41% of the voting rights as of the date of said disclosure notification).

7.1.2 - 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	-	-
Free float	255,064,825	95.76	260,596,859	92.89	260,596,859	93.05
TOTAL	**266,357,615**	**100**	**280,545,197**	**100**	**280,051,391**	**100**

(1) Relates to shares held in registered form by managers and the former managers who have exercised functions in 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.

7.1.3 - Shareholding structure at December 31, 2013 and changes to the shareholding structure in 2013

The Company's shareholding structure at December 31, 2013 was as follows:

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)	10,364,033	3.90	18,857,816	6.80	18,857,816	6.81
Treasury stock(2)	170,527	0.06	170,527	0.06	-	-
Free float	255,055,957	96.04	258,197,331	93.14	258,197,331	93.19
TOTAL	**265,590,517**	**100**	**277,225,674**	**100**	**277,055,147**	**100**

(1) Relates to shares held in registered form by managers and the former managers who have exercised functions in 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 2013 financial year can be found in section 8.1.2 of the 2013 Registration Document filed with the AMF under No. D. 14-0274.

On June 11, 2013, Wendel sold its entire stake in the Group (5.4% of share capital).

Following this sale, Messrs. Frédéric Lemoine and Patrick Tanguy, whose appointments had been proposed by Wendel, stepped down from the Board and its various specialized committees at the Board of Directors' meeting held on July 31, 2013.

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' Meeting	5/15/2007	5/15/2007	5/15/2007	5/15/2007
Date of Board of Directors' Meeting	5/15/2007	3/5/2008	3/4/2009	3/4/2010
Total number of options granted	1,639,709(1)	2,017,639(1)	1,187,364(1)	3,259,853(1)
o/w to corporate officers	*79,544(1)*	*141,700(1)*	*94,276(1)*	*218,367(1)*
■ Gilles Schnepp	40,880(1)	72,824(1)	48,460(1)	134,796(1)
■ Olivier Bazil	38,664(1)	68,876(1)	45,816(1)	83,571(1)
Start of the option exercise period	5/16/2011	3/6/2012	3/5/2013	3/5/2014
Expiry date	5/15/2017	3/5/2018	3/4/2019	3/4/2020
Exercise price	€25.12(1) Average closing price over the 20 trading days preceding the Board meeting	€20.51(1) Average closing price over the 20 trading days preceding the Board meeting	€13.08(1) Average closing price over the 20 trading days preceding the Board meeting	€21.75(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 12/31/2015	(1,171,955)	(1,332,705)	(744,334)	(1,606,378)
Total number of stock options cancelled or expired	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding at 12/31/2015	**360,333**	**563,695**	**335,418**	**1,416,886**

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 29, 2015, 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 grantees' interests.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) Performance conditions were attached to all of these plans. For more details, please refer to note 12 of the consolidated financial statements to December 31, 2014.

The weighted average market price when stock options were exercised in 2015 was €50.70.

If all options were exercised (i.e. 2,676,332 options), the Company's share capital would be diluted by a maximum of 1.0% (this is a maximum dilution as it does not take into account the subscription price of the options) as at December 31, 2015.

The Group measures the fair value of share-based instruments at the grant date. It uses either the binomial model or the Black & Scholes mathematical model to value them, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not Executive Directors

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not Executive Directors of the Company during the financial year ended December 31, 2015:

Stock-options granted to and exercised by the ten highest beneficiaries who are not Executive Directors	Total number of options granted/ exercised	Weighted average exercise price	Plan 2010		Plan 2009		Plan 2008		Plan 2007	
			before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)	before adjustment(1)	after adjustment(1)
			21.82	21.75	13.12	13.08	20.58	20.51	25.20	25.12
Options granted during the year by the issuer and companies within the scope of the option plan to the ten employees of the issuer and those companies included in the scope to which the highest number of options was granted (total)	Nil	-	-	-	-	-	-	-	-	-
Options previously granted by the issuer and the companies referred to above and exercised in the course of the year by the ten employees of the issuer and those companies having purchased or subscribed the highest number of shares (total)	178,960	20.348	49,787	17,811	12,520	27,490	19,400	13,685	32,812	5,455

(1) *In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 29, 2015, 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 director during the year ended December 31, 2015 is included in section 6.2.2.1 of this Company's Registration Document.

The executive director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

7.3 - PERFORMANCE SHARES

Table 10 – Breakdown of free share allocations

The following performance share plans were approved by the Company's Board of Directors in previous years:

2011 and 2012 performance share plans

	2011 Plan(1)	2012 Plan(1)
Date of Shareholders' Meeting	5/27/2010	5/26/2011
Date of Board of Directors' Meeting	3/3/2011	3/7/2012
Total number of free performance shares granted	1,592,712	987,910(2)
o/w number of free performance shares initially granted to the executive directors	127,888	30,710
■ Gilles Schnepp	65,737	30,710
■ Olivier Bazil	62,151	
Share acquisition date	Residents Plan: 3/4/2013 Non-residents Plan: 3/4/2015	Residents Plan: 3/8/2014 Non-residents Plan: 3/8/2016
End of holding period	Residents Plan: 3/5/2015 Non-residents Plan: 3/4/2015	Residents Plan: 3/9/2016 Non-residents Plan: 3/8/2016
Number of free performance shares subscribed for as of 12/31/2015	(1,494,132)	(386,295)
Total of free performance shares cancelled or expired	(98,580)	(46,709)
Free performance shares outstanding at 12/31/2015	**0**	**554,906**

(1) Performance conditions were attached to all of these plans. For more details, please refer to note 12 of the consolidated financial statements to December 31, 2014.

(2) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 29, 2015, the number of outstanding performance shares was 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.

2015 performance share plans

The following performance share plan was also approved by the Company's Board of Directors:

	2015 Plan
Date of Shareholders' Meeting	5/24/2013
Date of Board of Directors' Meeting	5/29/2015
Total number of free performance shares initially granted	382,756(1) (2)
o/w number of free performance shares initially granted to the executive director	14,366(1) (2)
Share acquisition date	6/17/2019
End of holding period	6/17/2019
Number of free performance shares subscribed for as of 03/17//2016	0
Total of free performance shares cancelled or expired	3,062
Free performance shares outstanding at 03/17//2016	**379,694**

(1) *In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 29, 2015, the number of allotted performance shares was 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: consequently, after the adjustment, the number of 390,844 performance shares has been raised to 392,333 shares. This amount has been subsequently reduced to 382,756 shares following the decision of Mr. Gilles Schnepp to renounce to a part of the shares allotted during the 2015 financial year.*

(2) *Mr. Gilles Schnepp voluntarily waived a portion of the shares allotted during the financial year, as acknowledged by the Board of Directors at its meeting on March 17, 2016.*

If all performance shares under the 2012 and 2015 plans as stated as at December 31, 2015 were to vest, the Company's capital would be diluted by 0.4% as at December 31, 2015.

Under the 2015 Plan, for the 2015 financial year, 89,184 free performance shares were allotted to the 10 non-executive employees of the Company with the highest share award, before applying the performance and employment conditions attached to said shares.

Information on shares granted to the executive director or vested during the financial year ended December 31, 2015 is included in section 6.2.2.1 of this Registration Document.

The executive director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

7.4 - REGULATED AGREEMENTS AND COMMITMENTS

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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, 2015

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 17, 2016

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-Marc Lumet

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, 2015 AND DECEMBER 31, 2014

8.1.1 - Consolidated Key Figures

	Legrand		
(in € millions)	**2015**	**2014**	**Change**
Net sales	**4,809.9**	**4,499.1**	**+6.9%**
Adjusted operating profit[1]	**930.4**	**880.4**	**+5.7%**
As % of net sales	*19.3%*	*19.6%*	
	*19.4% before Acquisitions**		
Operating profit	**886.7**	**847.5**	
As % of net sales	*18.4%*	*18.8%*	
Net income excluding minorities	**550.6**	**531.7**	**+3.6%**
As % of net sales	*11.4%*	*11.8%*	
Normalized free cash flow[2]	**617.2**	**607.5**	**+1.6%**
As % of net sales	*12.8%*	*13.5%*	
Free cash flow[3]	**666.0**	**607.4**	**+9.6%**
As % of net sales	*13.8%*	*13.5%*	
Net financial debt at December 31[4]	**802.7**	**855.6**	

* *At 2014 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.*

8.1.2 - Consolidated Statement of Income

(in € millions)	Legrand 12 months ended December 31, 2015	2014
Net sales (Notes 2.1 et 2.3.1)	**4,809.9**	**4,499.1**
Operating expenses (Note 2.4)		
Cost of sales	(2,333.5)	(2,197.2)
Administrative and selling expenses	(1,310.3)	(1,214.4)
Research and development costs	(216.1)	(193.2)
Other operating income (expenses)	(63.3)	(46.8)
Operating profit	**886.7**	**847.5**
Financial expense	(93.7)	(85.9)
Financial income	11.0	8.6
Exchange gains (losses)	6.0	1.5
Financial profit (loss)	(76.7)	(75.8)
Profit before tax	**810.0**	**771.7**
Income tax expense (Note 2.5)	(258.0)	(238.4)
Profit for the period	**552.0**	**533.3**
Of which:		
■ **Net income excluding minorities**	**550.6**	**531.7**
■ **Minority interests**	**1.4**	**1.6**
Basic earnings per share (euros) (Note 4.1.3)	2.067	2.001
Diluted earnings per share (euros) (Note 4.1.3)	2.046	1.976

8.1.3 - Consolidated Statement of Comprehensive Income

(in € millions)	Legrand 12 months ended December 31, 2015	2014
Profit for the period	552.0	533.3
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Note 4.3.2)	5.5	119.2
Income tax relating to components of other comprehensive income	11.1	12.2
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	(5.6)	(22.4)
Deferred taxes on actuarial gains and losses	3.6	6.2
COMPREHENSIVE INCOME FOR THE PERIOD	**566.6**	**648.5**
Attributable to:		
■ **Legrand**	**565.4**	**646.7**
■ **Minority interests**	**1.2**	**1.8**

The accompanying Notes are an integral part of these financial statements.

8.1.4 - Consolidated Balance Sheet

ASSETS

	Legrand	
(in € millions)	December 31, 2015	December 31, 2014*
Non-current assets		
Intangible assets (Note 3.1)	1,822.0	1,853.3
Goodwill (Note 3.2)	2,776.3	2,563.7
Property, plant and equipment (Note 3.3)	562.2	556.6
Other investments	18.3	0.9
Other non-current assets	6.4	3.1
Deferred tax assets (Note 4.7)	114.9	92.4
TOTAL NON-CURRENT ASSETS	**5,300.1**	**5,070.0**
Current assets		
Inventories (Note 3.4)	680.3	622.7
Trade receivables (Note 3.5)	545.4	500.4
Income tax receivables	28.6	60.0
Other current assets (Note 3.6)	170.0	152.1
Marketable securities	2.5	3.1
Other current financial assets	0.7	0.6
Cash and cash equivalents (Note 3.7)	1,085.9	726.0
TOTAL CURRENT ASSETS	**2,513.4**	**2,064.9**
TOTAL ASSETS	**7,813.5**	**7,134.9**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

The accompanying Notes are an integral part of these financial statements.

EQUITY AND LIABILITIES

	Legrand	
(in € millions)	December 31, 2015	December 31, 2014*
Equity		
Share capital (Note 4.1)	1,067.7	1,065.4
Retained earnings (Notes 4.2 and 4.3.1)	3,006.2	2,764.4
Translation reserves (Note 4.3.2)	(276.1)	(281.8)
Equity attributable to equity holders of Legrand	3,797.8	3,548.0
Minority interests	9.6	10.4
TOTAL EQUITY	**3,807.4**	**3,558.4**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	108.8	113.9
Provisions for post-employment benefits (Note 4.5.1)	170.6	177.0
Long-term borrowings (Note 4.6.1)	1,823.2	1,513.3
Other non-current liabilities	0.4	0.8
Deferred tax liabilities (Note 4.7)	656.4	658.6
TOTAL NON-CURRENT LIABILITIES	**2,759.4**	**2,463.6**
Current liabilities		
Trade payables	531.3	481.8
Income tax payables	41.0	15.0
Short-term provisions (Note 4.4)	104.8	86.6
Other current liabilities (Note 4.8)	501.3	457.7
Short-term borrowings (Note 4.6.2)	67.9	71.4
Other current financial liabilities	0.4	0.4
TOTAL CURRENT LIABILITIES	**1,246.7**	**1,112.9**
TOTAL EQUITY AND LIABILITIES	**7,813.5**	**7,134.9**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

The accompanying Notes are an integral part of these financial statements.

8.1.5 - Consolidated Statement of Cash Flows

	Legrand 12 months ended December 31,	
(in € millions)	**2015**	**2014**
Profit for the period	**552.0**	**533.3**
Adjustments for non-cash movements in assets and liabilities:		
■ Depreciation and impairment of tangible assets (Note 2.4)	97.4	94.5
■ Amortization and impairment of intangible assets (Note 2.4)	43.2	40.5
■ Amortization and impairment of capitalized development costs (Note 2.4)	29.1	30.5
■ Amortization of financial expense	2.2	2.1
■ Impairment of goodwill (Note 3.2)	0.0	0.0
■ Changes in long-term deferred taxes	2.3	(5.0)
■ Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	18.8	20.4
■ Unrealized exchange (gains)/losses	3.4	11.6
■ Other adjustments	0.3	0.8
■ (Gains)/losses on sales of assets, net	1.3	0.0
Changes in working capital requirement:		
■ Inventories (Note 3.4)	(36.0)	40.2
■ Trade receivables (Note 3.5)	(22.2)	1.9
■ Trade payables	21.3	(16.5)
■ Other operating assets and liabilities (Notes 3.6 and 4.8)	83.1	(27.9)
Net cash from operating activities	**796.2**	**726.4**
■ Net proceeds from sales of fixed and financial assets	3.2	6.3
■ Capital expenditure (Notes 3.1 and 3.3)	(106.0)	(96.3)
■ Capitalized development costs	(27.4)	(29.0)
■ Changes in non-current financial assets and liabilities	3.5	(0.4)
■ Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(237.1)	(100.7)
Net cash from investing activities	**(363.8)**	**(220.1)**
■ Proceeds from issues of share capital and premium (Note 4.1)	20.1	33.6
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1)	(39.9)	(87.5)
■ Dividends paid to equity holders of Legrand (Note 4.1.3)	(293.1)	(279.3)
■ Dividends paid by Legrand subsidiaries	(1.7)	(3.8)
■ Proceeds from new borrowings and drawdowns (Note 4.6.1)	300.0	4.2
■ Repayment of borrowings (Note 4.6.1)	(12.6)	(60.0)
■ Debt issuance costs	(3.7)	(1.1)
■ Net sales (buybacks) of marketable securities	0.6	0.3
■ Increase (reduction) in bank overdrafts	(24.7)	22.9
■ Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(15.8)	(28.7)
Net cash from financing activities	**(70.8)**	**(399.4)**
Effect of exchange rate changes on cash and cash equivalents	(1.7)	16.3
Increase (decrease) in cash and cash equivalents	**359.9**	**123.2**
Cash and cash equivalents at the beginning of the period	726.0	602.8
Cash and cash equivalents at the end of the period (Note 3.7)	**1,085.9**	**726.0**
Items included in cash flows:		
■ *Free cash* flow (Note 2.2)	666.0	607.4
■ Interest paid* during the period	78.7	69.8
■ Income taxes paid during the period	166.4	216.5

* *Interest paid is included in the net cash from operating activities.*

The accompanying Notes are an integral part of these financial statements.

8.1.6 - Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand						
(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses**	Total	Minority interests	Total equity
As of December 31, 2013	**1,062.4**	**2,608.8**	**(400.8)**	**(33.0)**	**3,237.4**	**11.3**	**3,248.7**
IFRIC 21 Restatements*		2.5			2.5		2.5
Profit for the period		531.7			531.7	1.6	533.3
Other comprehensive income		12.2	119.0	(16.2)	115.0	0.2	115.2
Total comprehensive income		*543.9*	*119.0*	*(16.2)*	*646.7*	*1.8*	*648.5*
Dividends paid		(279.3)			(279.3)	(3.8)	(283.1)
Issues of share capital and premium	6.2	27.4			33.6		33.6
Cancellation of shares acquired under the share buyback program	(3.2)	(34.3)			(37.5)		(37.5)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(50.0)			(50.0)		(50.0)
Change in scope of consolidation***		(15.2)			(15.2)	1.1	(14.1)
Current taxes on share buybacks		(0.2)			(0.2)		(0.2)
Share-based payments		10.0			10.0		10.0
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 (Note 4.1.1)	3.9	16.2			20.1		20.1
Cancellation of shares acquired under the share buyback program (Note 4.1.1)	(1.6)	(16.8)			(18.4)		(18.4)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		(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 (Note 4.2)		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**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

** *Net of deferred taxes.*

*** *Changes in scope of consolidation correspond 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 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 nearly 90 countries, and sells its products in about 180 countries. Its key markets are France, Italy, the United States/Canada, the Rest of Europe and the Rest of the World, which correspond to the Group's reporting segments.

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 2014 Registration Document was filed with the AMF on April 15, 2015 under no. D. 15-0352.

The consolidated financial statements were approved by the Board of Directors on February 10, 2016.

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, 2015. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union* and applicable or authorized for early adoption from January 1, 2015. 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 Company's accounting policies.

The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2015 that have an impact on the Group's financial statements

IFRIC 21 – Levies

IFRIC 21 – Levies aims to clarify the trigger event for the provisioning for all taxes other than income taxes.

The main impact of IFRIC 21 is to account for the provision of certain taxes for their full amount as soon as the trigger event occurred (in this case, the liability to pay a levy), instead of recognizing this amount gradually over the year.

In June 2014, IFRIC 21 was adopted by the European Union, with mandatory application for annual periods beginning on or after June 17, 2014. Therefore, this interpretation has been applied by the Group from January 1, 2015.

The comparable financial information has been restated for material amounts (which concern only France).

IFRIC 21 has no impact on the Group's full-year operating profit or free cash flow.

Adjustments between the consolidated balance sheet reported for the period ended December 31, 2014 and the one presented on pages 204 and 205 may be analyzed as follows:

(in € millions)	Published	IFRIC 21 Restatements	Restated
Non-current assets			
Intangible assets	1,853.3		1,853.3
Goodwill	2,563.7		2,563.7
Property, plant and equipment	556.6		556.6
Other investments	0.9		0.9
Other non-current assets	3.1		3.1
Deferred tax assets	93.7	(1.3)	92.4
TOTAL NON-CURRENT ASSETS	**5,071.3**	**(1.3)**	**5,070.0**
TOTAL CURRENT ASSETS	**2,064.9**		**2,064.9**
TOTAL ASSETS	**7,136.2**	**(1.3)**	**7,134.9**

* *The IFRS adopted by the European Union as of December 31, 2015 can be downloaded from the "IFRS financial statements" page on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.*

(in € millions)	Published	IFRIC 21 Restatements	Restated
Equity			
Share capital	1,065.4		1,065.4
Retained earnings	2,761.9	2.5	2,764.4
Translation reserves	(281.8)		(281.8)
Equity attributable to equity holders of Legrand	3,545.5	2.5	3,548.0
Minority interests	10.4		10.4
TOTAL EQUITY	**3,555.9**	**2.5**	**3,558.4**
TOTAL NON-CURRENT LIABILITIES	**2,463.6**		**2,463.6**
Current liabilities			
Trade payables	481.8		481.8
Income tax payable	15.0		15.0
Short-term provisions	86.6		86.6
Other current liabilities	461.5	(3.8)	457.7
Short-term borrowings	71.4		71.4
Other current financial liabilities	0.4		0.4
TOTAL CURRENT LIABILITIES	**1,116.7**	**(3.8)**	**1,112.9**
TOTAL EQUITY AND LIABILITIES	**7,136.2**	**(1.3)**	**7,134.9**

1.2.1.2 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

Amendments to IAS 19 – Employee Benefits

In November 2013, the International Accounting Standards Board (IASB) issued Amendments to IAS 19 - Employee Benefits to clarify 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 amendments specify 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.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

Annual Improvements to IFRS 2010-2012 Cycle

In December 2013, the IASB issued a collection of amendments as part of its Annual Improvements to IFRS 2010-2012 Cycle. Two of these amendments may concern the Group in particular and are described below. These amendments are effective for reporting periods beginning on or after January 1, 2016.

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.

This amendment should be prospectively applied to share-based payment plans for which the grant date is on or after July 1, 2014.

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 should be disclosed in the notes to the financial statements.

The Group reviewed these amendments, to determine their possible impacts on the consolidated financial statements and related disclosures. There should be no material impact for the Group from these amendments.

1.2.1.3 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the Group until future periods

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in

IAS 39 – Financial Instruments: Recognition and Measurement. The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets. As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value 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, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.

IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year, and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17.

IFRS 16 provides a single lessee accounting model for the majority of leases with a term of more than 12 months. This model requires the lessee to recognize a right-of-use asset and a financial liability in the balance sheet when a lease contract conveys the right to control the use of an identified asset. In addition, the standard requires the lessee to recognize the lease expense partly as a depreciation charge within operating expenses and partly as an interest expense within financial expense.

This standard, which has not yet been adopted by the European Union, is effective for annual periods beginning on or after January 1, 2019.

The Group is reviewing these standards, to determine their possible impacts on the consolidated financial statements and related disclosures.

1.2.2 Basis of consolidation

Subsidiaries controlled by the Group are fully consolidated. The Group controls 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. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Entities consolidated under the equity method are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in such entities are initially recognized at cost and are subsequently accounted for by the equity method.

As of December 31, 2015, the Group does not consolidate any entity under the equity method.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

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 184 subsidiaries.

The main fully consolidated operating subsidiaries as of December 31, 2015 are as follows:

France	
Legrand France	France
Legrand SNC	France
Italy	
Bticino Spa	Italy
Rest of Europe*	
Legrand Group Belgium	Belgium
Legrand Zrt	Hungary
Legrand Polska	Poland
Kontaktor	Russia
Firelec	Russia
Legrand Group España	Spain
Legrand Elektrik	Turkey
Inform Elektronik	Turkey
Legrand Electric	United Kingdom
USA/Canada	
Cablofil Inc.	United States
Lastar Inc.	United States
Legrand Home Systems	United States
Middle Atlantic Products Inc.	United States
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Raritan Inc.	United States
WattStopper	United States

Wiremold Company	United States
Rest of the world	
Legrand Group Pty Ltd	Australia
Daneva	Brazil
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Electro Andina Ltda	Chile
DongGuan Rocom Electric	China
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
Legrand Colombia	Colombia
EMB Electrical Industries	Egypt
Novateur Electrical and Digital Systems	India
Bticino de Mexico SA de CV	Mexico
Legrand SNC FZE	United Arab Emirates

* *Among these main consolidated subsidiaries, Kontaktor and Legrand Polska are not wholly owned (both subsidiaries are over 98%-owned).*

1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2014 were as follows:

2014	March 31	June 30	September 30	December 31
Lastar Inc.	Balance sheet only	3 months' profit	6 months' profit	9 months' profit
Neat	Balance sheet only	Balance sheet only	7 months' profit	10 months' profit
SJ Manufacturing		Balance sheet only	Balance sheet only	7 months' profit

2015	March 31	June 30	September 30	December 31
Lastar Inc.	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Neat	3 months' profit	6 months' profit	9 months' profit	12 months' profit
SJ Manufacturing	3 months' profit	6 months' profit	9 months' profit	12 months' profit
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

All of these companies are fully consolidated.

The main acquisitions carried out in 2015 were as follows:

- the Group acquired Valrack, an Indian player specialized in racks, Voice-Data-Image cabinets and related products. Valrack has annual sales of under €10 million;
- the Group acquired IME, a leading Italian and European specialist in measuring electrical installation parameters. IME has annual sales of around €23 million;
- the Group acquired Raritan Inc, a North American specialist in digital infrastructure. Raritan Inc. has annual sales of around $114 million;
- the Group acquired QMotion, a specialist in natural light control for residential buildings in North America. QMotion has annual sales of around $16 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €237.1 million in 2015 (plus €15.8 million for acquisitions of ownership interests without gain of control), versus €100.7 million in 2014 (plus €28.7 million for acquisitions of ownership interests without gain of control).

NOTE 2 - RESULTS FOR THE YEAR

2.1 NET SALES

In 2015, the Group's consolidated net sales came to €4,809.9 million, up +6.9% in total compared with 2014 due to the favorable impact of exchange rates (+4.7%), and changes in scope of consolidation (+1.5%).

The Group derived the large majority of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 22% 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 INFORMATION BY GEOGRAPHICAL SEGMENT

The Group is organized for management purposes by countries grouped into geographical segments.

Hence, allocation of resources to the various segments and assessment of each segment's performance are performed by Group management on a country-by-country basis. In accordance with IFRS 8, the information by geographical segment presented below corresponds to the information used by Group management.

12 months ended December 31, 2015 *(in € millions)*	Geographical segments – Europe – France	Europe – Italy	Europe – Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Net sales to third parties	**1,013.1**	**505.2**	**808.5**	**1,147.8**	**1,335.3**		**4,809.9**
Cost of sales	(390.9)	(181.1)	(461.2)	(558.0)	(742.3)		(2,333.5)
Administrative and selling expenses, R&D costs	(398.1)	(161.5)	(211.4)	(396.2)	(359.2)		(1,526.4)
Other operating income (expenses)	(12.5)	(1.3)	(14.4)	(9.8)	(25.3)		(63.3)
Operating profit	**211.6**	**161.3**	**121.5**	**183.8**	**208.5**		**886.7**
■ of which acquisition-related amortization, expense 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**	**201.5**	**224.4**		**930.4**
■ of which depreciation expense	(27.2)	(19.5)	(15.2)	(9.6)	(25.3)		(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)
Net cash provided by operating activities						796.2	796.2
Net proceeds from sales of fixed and financial assets						3.2	3.2
Capital expenditure	(28.3)	(16.0)	(17.2)	(12.2)	(32.3)		(106.0)
Capitalized development costs	(19.2)	(6.5)	(0.9)	0.0	(0.8)		(27.4)
Free cash flow						**666.0**	**666.0**
Normalized free cash flow						**617.2**	**617.2**
Normalized free cash flow as % of sales							**12.8%**
Current operating assets excluding taxes	224.2	122.0	262.7	284.0	502.8		1,395.7
Net tangible assets	173.4	108.3	86.1	55.4	139.0		562.2
Current operating liabilities excluding taxes	361.8	177.4	114.2	162.6	321.4		1,137.4

12 months ended December 31, 2014	Geographical segments					Items not allocated to segments	Total
	Europe			USA/	Rest of		
(in € millions)	France	Italy	Others	Canada	the world		
Net sales to third parties	**1,033.0**	**499.6**	**809.5**	**874.5**	**1,282.5**		**4,499.1**
Cost of sales	(385.7)	(182.8)	(458.7)	(434.9)	(735.1)		(2,197.2)
Administrative and selling expenses, R&D costs	(398.3)	(160.3)	(205.9)	(298.8)	(344.3)		(1,407.6)
Other operating income (expenses)	(3.4)	(0.4)	(12.6)	(6.6)	(23.8)		(46.8)
Operating profit	**245.6**	**156.1**	**132.3**	**134.2**	**179.3**		**847.5**
■ of which acquisition-related amortization, expense and income							
▪ accounted for in administrative and selling expenses, R&D costs	(3.7)	0.0	(2.8)	(12.1)	(14.3)		(32.9)
▪ accounted for in other operating income (expenses)							0.0
■ of which goodwill impairment							0.0
Adjusted operating profit	**249.3**	**156.1**	**135.1**	**146.3**	**193.6**		**880.4**
■ of which depreciation expense	(27.6)	(20.9)	(14.0)	(8.8)	(22.7)		(94.0)
■ of which amortization expense	(2.6)	(3.9)	(0.9)	(2.2)	(1.1)		(10.7)
■ of which amortization of development costs	(21.7)	(7.0)	0.0	(1.5)	(0.5)		(30.5)
■ of which restructuring costs	(9.0)	(3.2)	(3.0)	0.5	(7.0)		(21.7)
Net cash provided by operating activities						726.4	726.4
Net proceeds from sales of fixed and financial assets						6.3	6.3
Capital expenditure	(24.2)	(16.3)	(20.5)	(7.9)	(27.4)		(96.3)
Capitalized development costs	(21.6)	(6.5)	(0.7)	(0.1)	(0.1)		(29.0)
***Free* cash flow**						**607.4**	**607.4**
***Normalized free* cash flow**						**607.5**	**607.5**
***Normalized free* cash flow as % of sales**							**13.5%**
Current operating assets excluding taxes	196.4	117.8	242.1	212.2	506.7		1,275.2
Net tangible assets	175.7	113.4	87.2	47.7	132.6		556.6
Current operating liabilities excluding taxes	346.1	172.4	98.8	125.0	287.6		1,029.9

2.3 QUARTERLY DATA – NON-AUDITED

2.3.1 Quarterly net sales by geographical segment (billing region)

(in € millions)	1st quarter 2015	1st quarter 2014
France	250.3	270.7
Italy	137.2	143.4
Rest of Europe	200.4	199.1
USA/Canada	258.2	181.9
Rest of the world	318.6	289.2
TOTAL	**1,164.7**	**1,084.3**

(in € millions)	2nd quarter 2015	2nd quarter 2014
France	274.0	268.7
Italy	131.5	133.1
Rest of Europe	205.0	193.9
USA/Canada	297.1	225.7
Rest of the world	339.4	318.9
TOTAL	**1,247.0**	**1,140.3**

(in € millions)	3rd quarter 2015	3rd quarter 2014
France	223.2	227.9
Italy	111.1	109.3
Rest of Europe	195.5	205.6
USA/Canada	295.4	235.2
Rest of the world	323.4	321.3
TOTAL	**1,148.6**	**1,099.3**

(in € millions)	4th quarter 2015	4th quarter 2014
France	265.6	265.7
Italy	125.4	113.8
Rest of Europe	207.6	210.9
USA/Canada	297.1	231.7
Rest of the world	353.9	353.1
TOTAL	**1,249.6**	**1,175.2**

2.3.2 Quarterly income statements

(in € millions)	1st quarter 2015	1st quarter 2014*
Net sales	**1,164.7**	**1,084.3**
Operating expenses		
Cost of sales	(565.4)	(519.9)
Administrative and selling expenses	(325.9)	(298.5)
Research and development costs	(53.7)	(49.0)
Other operating income (expenses)	(11.2)	(12.9)
Operating profit	**208.5**	**204.0**
Financial expense	(22.6)	(20.9)
Financial income	3.4	2.2
Exchange gains (losses)	(0.6)	(0.5)
Financial profit (loss)	(19.8)	(19.2)
Profit before tax	**188.7**	**184.8**
Income tax expense	(60.7)	(59.1)
Profit for the period	**128.0**	**125.7**
Of which:		
■ **Net income excluding minorities**	**127.4**	**125.0**
■ **Minority interests**	**0.6**	**0.7**

* *Restated comparative data for the three months ended March 31, 2014 (see Note 3 to the unaudited consolidated financial information for the three months ended March 31, 2015).*

(in € millions)	2nd quarter 2015	2nd quarter 2014**
Net sales	**1,247.0**	**1,140.3**
Operating expenses		
Cost of sales	(588.0)	(552.1)
Administrative and selling expenses	(338.2)	(306.6)
Research and development costs	(55.6)	(46.7)
Other operating income (expenses)	(17.1)	(7.0)
Operating profit	**248.1**	**227.9**
Financial expense	(23.0)	(21.4)
Financial income	2.5	2.0
Exchange gains (losses)	1.6	0.4
Financial profit (loss)	(18.9)	(19.0)
Profit before tax	**229.2**	**208.9**
Income tax expense	(73.1)	(65.0)
Profit for the period	**156.1**	**143.9**
Of which:		
■ **Net income excluding minorities**	**156.0**	**143.5**
■ **Minority interests**	**0.1**	**0.4**

** *Restated comparative data for the three months ended June 30, 2014 (see Note 26 to the consolidated financial statements for the six months ended June 30, 2015).*

(in € millions)	3rd quarter 2015	3rd quarter 2014*
Net sales	**1,148.6**	**1,099.3**
Operating expenses		
Cost of sales	(561.5)	(540.1)
Administrative and selling expenses	(309.3)	(296.7)
Research and development costs	(49.9)	(47.5)
Other operating income (expenses)	(15.8)	(11.2)
Operating profit	**212.1**	**203.8**
Financial expense	(23.1)	(21.6)
Financial income	2.6	2.0
Exchange gains (losses)	5.7	1.5
Financial profit (loss)	(14.8)	(18.1)
Profit before tax	**197.3**	**185.7**
Income tax expense	(64.6)	(57.4)
Profit for the period	**132.7**	**128.3**
Of which:		
■ **Net income excluding minorities**	**132.8**	**128.3**
■ **Minority interests**	**(0.1)**	**0.0**

* *Restated comparative data for the three months ended September 30, 2014 (see Note 9 to the unaudited consolidated financial information for the nine months ended September 30, 2015).*

(in € millions)	4th quarter 2015	4th quarter 2014**
Net sales	**1,249.6**	**1,175.2**
Operating expenses		
Cost of sales	(618.6)	(585.1)
Administrative and selling expenses	(336.9)	(312.6)
Research and development costs	(56.9)	(50.0)
Other operating income (expenses)	(19.2)	(15.7)
Operating profit	**218.0**	**211.8**
Financial expense	(25.0)	(22.0)
Financial income	2.5	2.4
Exchange gains (losses)	(0.7)	0.1
Financial profit (loss)	(23.2)	(19.5)
Profit before tax	**194.8**	**192.3**
Income tax expense	(59.6)	(56.9)
Profit for the period	**135.2**	**135.4**
Of which:		
■ **Net income excluding minorities**	**134.4**	**134.9**
■ **Minority interests**	**0.8**	**0.5**

** *Restated comparative data for the three months ended December 31, 2014 (see the next table).*

4th quarter 2014 (in € millions)	Published	IFRIC 21 Restatements	Restated
Net sales	**1,175.2**		**1,175.2**
Operating expenses			
Cost of sales	(585.9)	0.8	(585.1)
Administrative and selling expenses	(314.0)	1.4	(312.6)
Research and development costs	(50.1)	0.1	(50.0)
Other operating income (expenses)	(15.7)		(15.7)
Operating profit	**209.5**	**2.3**	**211.8**
Financial profit (loss)	(19.5)		(19.5)
Profit before tax	**190.0**	**2.3**	**192.3**
Income tax expense	(56.1)	(0.8)	(56.9)
Profit for the period	**133.9**	**1.5**	**135.4**
Of which:			
■ **Net income excluding minorities**	**133.4**	**1.5**	**134.9**
■ **Minority interests**	**0.5**		0.5

2.4 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

(in € millions)	12 months ended December 31, 2015	12 months ended December 31, 2014
Raw materials and component costs	(1,579.5)	(1,471.5)
Personnel costs	(1,256.3)	(1,170.8)
Other external costs	(857.7)	(802.0)
Depreciation and impairment of tangible assets	(97.4)	(94.5)
Amortization and impairment of intangible assets	(72.3)	(71.0)
Restructuring costs	(28.0)	(21.7)
Goodwill impairment	0.0	0.0
Other	(32.0)	(20.1)
TOTAL OPERATING EXPENSES	**(3,923.2)**	**(3,651.6)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.4), trade receivables (Note 3.5), and provisions (Note 4.4).

As of December 31, 2015 the Group had 32,667 employees on the payroll (December 31, 2014: 33,556).

2.5 INCOME TAX EXPENSE

Income tax expense consists of the following:

(in € millions)	12 months ended December 31, 2015	12 months ended December 31, 2014
Current taxes:		
France	(70.3)	(67.9)
Outside France	(196.0)	(176.3)
	(266.3)	**(244.2)**
Deferred taxes:		
France	11.8	3.5
Outside France	(3.5)	2.3
	8.3	**5.8**
Total income tax expense:		
France	(58.5)	(64.4)
Outside France	(199.5)	(174.0)
TOTAL	**(258.0)**	**(238.4)**

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 €810.0 million in 2015 (versus €771.7 million in 2014):

(Tax rate)	12 months ended December 31, 2015	12 months ended December 31, 2014
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ Additional contributions in France	0.43%	0.41%
■ Effect of foreign income tax rates	(5.28%)	(5.00%)
■ Non-taxable items	(0.23%)	(1.43%)
■ Income taxable at specific rates	(0.01%)	0.52%
■ Other	2.79%	2.09%
	32.13%	**31.02%**
Impact on deferred taxes of:		
■ Changes in tax rates	0.52%	0.05%
■ Recognition or non-recognition of deferred tax assets	(0.79%)	(0.18%)
EFFECTIVE TAX RATE	**31.86%**	**30.89%**

NOTE 3 - DETAILS ON NON-CURRENT AND CURRENT ASSETS

3.1 INTANGIBLE ASSETS

(in € millions)	December 31, 2015	December 31, 2014
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	258.0	265.8
Patents	2.0	3.3
Other intangible assets	154.0	176.2
NET VALUE AT THE END OF THE PERIOD	**1,822.0**	**1,853.3**

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, 2015	December 31, 2014
Gross value at the beginning of the period	1,827.1	1,765.5
■ Acquisitions	4.8	29.4
■ Adjustments	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	21.0	32.2
Gross value at the end of the period	**1,852.9**	**1,827.1**
Accumulated amortization and impairment at the beginning of the period	(153.3)	(120.5)
■ Depreciation expense	(25.5)	(22.3)
■ Reversals	0.0	0.0
■ Translation adjustments	(8.1)	(10.5)
Less accumulated amortization and impairment at the end of the period	**(186.9)**	**(153.3)**
NET VALUE AT THE END OF THE PERIOD	**1,666.0**	**1,673.8**

To date, no impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license in the trademark from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were owned by a third party.

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.

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, 2014:

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	10.4 to 13.1%	2.8 to 3.2%

No impairment was recognized in the period ended December 31, 2014.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Gross value at the beginning of the period	585.8	578.7
■ Acquisitions	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	5.4	7.1
Gross value at the end of the period	**591.2**	**585.8**
Accumulated amortization and impairment at the beginning of the period	(582.5)	(574.8)
■ Depreciation expense	(0.6)	(0.7)
■ Reversals	0.0	0.0
■ Translation adjustments	(6.1)	(7.0)
Less accumulated amortization and impairment at the end of the period	**(589.2)**	**(582.5)**
NET VALUE AT THE END OF THE PERIOD	**2.0**	**3.3**

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, 2015	December 31, 2014
Capitalized development costs	313.9	289.8
Software	108.8	96.6
Other	82.7	88.4
Gross value at the end of the period	**505.4**	**474.8**
Less accumulated amortization and impairment at the end of the period	**(351.4)**	**(298.6)**
NET VALUE AT THE END OF THE PERIOD	**154.0**	**176.2**

To date, no material impairment has been recognized for these items.

3.2 GOODWILL

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
France	685.6	676.0
Italy	379.3	366.8
Rest of Europe	265.6	270.2
USA/Canada	720.2	507.1
Rest of the World	725.6	743.6
NET VALUE AT THE END OF THE PERIOD	**2,776.3**	**2,563.7**

France, Italy and USA/Canada 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, 2015	December 31, 2014
Gross value at the beginning of the period	2,601.0	2,447.5
■ Acquisitions	174.7	60.2
■ Adjustments	(5.0)	(6.4)
■ Reclassifications	1.9	0.0
■ Translation adjustments	41.4	99.7
Gross value at the end of the period	**2,814.0**	**2,601.0**
Impairment value at the beginning of the period	(37.3)	(35.8)
■ Impairment losses	0.0	0.0
■ Translation adjustments	(0.4)	(1.5)
Impairment value at the end of the period	**(37.7)**	**(37.3)**
NET VALUE AT THE END OF THE PERIOD	**2,776.3**	**2,563.7**

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:

(in € millions)	12 months ended December 31, 2015	12 months ended December 31, 2014
Trademarks	4.8	29.3
Deferred taxes on trademarks	(0.9)	(1.1)
Patents	0.0	0.0
Deferred taxes on patents	0.0	0.0
Other intangible assets	0.0	6.0
Deferred taxes on other intangible assets	0.0	0.0

The following impairment testing parameters were used in the period ended December 31, 2015:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	685.6	8.9%	2%
Italy	Value in use	379.3	10.0%	2%
Rest of Europe	Value in use	265.6	7.5 to 14.2%	2 to 5%
USA/Canada	Value in use	720.2	9.8%	3%
Rest of the World	Value in use	725.6	8.5 to 19.5%	2 to 5%
TOTAL		**2,776.3**		

No goodwill impairment losses were identified in the period ended December 31, 2015 including for CGUs facing a difficult macro-economic environment.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2014:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	676.0	9.4%	2%
Italy	Value in use	366.8	14.6%	2%
Rest of Europe	Value in use	270.2	8.5 to 20.6%	2 to 5%
USA/Canada	Value in use	507.1	9.8%	3%
Rest of the World	Value in use	743.6	8.8 to 21.1%	2 to 5%
TOTAL		**2,563.7**		

No goodwill impairment losses were identified in the period ended December 31, 2014.

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, 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**

As of December 31, 2015, total property, plant and equipment includes €8.1 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

(in € millions)	December 31, 2014 Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	54.2	580.0	1,621.2	236.3	2,491.7
■ Acquisitions	0.0	6.4	32.9	49.1	88.4
■ Disposals	(0.3)	(19.3)	(59.1)	(6.8)	(85.5)
■ Transfers and changes in scope of consolidation	(0.8)	11.9	31.9	(32.8)	10.2
■ Translation adjustments	0.8	3.8	17.7	12.0	34.3
At the end of the period	**53.9**	**582.8**	**1,644.6**	**257.8**	**2,539.1**
Depreciation and impairment					
At the beginning of the period	(8.1)	(362.7)	(1,402.8)	(157.5)	(1,931.1)
■ Depreciation expense	(0.5)	(17.5)	(64.6)	(11.9)	(94.5)
■ Reversals	0.0	15.6	57.8	6.2	79.6
■ Transfers and changes in scope of consolidation	0.0	(1.9)	(2.8)	(4.5)	(9.2)
■ Translation adjustments	0.0	(2.9)	(14.7)	(9.7)	(27.3)
At the end of the period	**(8.6)**	**(369.4)**	**(1,427.1)**	**(177.4)**	**(1,982.5)**
Net value					
At the beginning of the period	46.1	217.3	218.4	78.8	560.6
■ Acquisitions/Depreciation	(0.5)	(11.1)	(31.7)	37.2	(6.1)
■ Disposals/Reversals	(0.3)	(3.7)	(1.3)	(0.6)	(5.9)
■ Transfers and changes in scope of consolidation	(0.8)	10.0	29.1	(37.3)	1.0
■ Translation adjustments	0.8	0.9	3.0	2.3	7.0
At the end of the period	**45.3**	**213.4**	**217.5**	**80.4**	**556.6**

3.3.2 Property, plant and equipment held under finance leases

(in € millions)	December 31, 2015	December 31, 2014
Buildings	21.7	19.2
Other	0.6	0.4
Gross value at the end of the period	**22.3**	**19.6**
Less accumulated depreciation	(10.5)	(7.9)
NET VALUE AT THE END OF THE PERIOD	**11.8**	**11.7**

3.3.3 Liabilities recorded in the balance sheet arising from finance leases

(in € millions)	December 31, 2015	December 31, 2014
Long-term borrowings	10.8	11.2
Short-term borrowings	1.5	1.4
TOTAL	**12.3**	**12.6**

3.3.4 Future minimum lease payments under finance leases

(in € millions)	December 31, 2015	December 31, 2014
Due in less than one year	1.7	1.6
Due in one to two years	1.5	1.5
Due in two to three years	1.5	1.4
Due in three to four years	1.5	1.3
Due in four to five years	1.5	1.3
Due beyond five years	5.0	6.1
	12.7	**13.2**
Of which accrued interest	(0.4)	(0.6)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**12.3**	**12.6**

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, 2015	December 31, 2014
Purchased raw materials and components	238.2	234.2
Sub-assemblies, work in progress	88.1	85.9
Finished products	459.6	408.0
Gross value at the end of the period	**785.9**	**728.1**
Less impairment	(105.6)	(105.4)
NET VALUE AT THE END OF THE PERIOD	**680.3**	**622.7**

3.5 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

A provision is recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor is late on payment (allowances are estimated using an aged receivables schedule);
- when a debtor has defaulted; or
- when a debtor's rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Trade accounts and notes receivable	621.1	568.5
Less impairment	(75.7)	(68.1)
NET VALUE AT THE END OF THE PERIOD	**545.4**	**500.4**

The Group uses factoring contracts to reduce the risk of late payments.

During 2015, a total of €398.5 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of less than €2.0 million.

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2015 was €79.7 million (€63.5 million as of December 31, 2014).

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Less than 3 months past due	102.2	91.3
From 3 to 12 months past due	33.2	26.0
More than 12 months past due	29.8	27.8
TOTAL	**165.2**	**145.1**

Provisions for impairment of past-due trade receivables amounted to €67.7 million as of December 31, 2015 (€60.3 million as of December 31, 2014). These provisions break down as follows:

(in € millions)	December 31, 2015	December 31, 2014
Provisions for receivables less than 3 months past due	10.1	9.8
Provisions for receivables 3 to 12 months past due	27.8	22.7
Provisions for receivables more than 12 months past due	29.8	27.8
TOTAL	**67.7**	**60.3**

3.6 OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2015	December 31, 2014
Employee advances	3.0	3.6
Other receivables	48.0	34.0
Prepayments	26.7	24.7
Prepaid and recoverable taxes other than income tax	92.3	89.8
TOTAL	**170.0**	**152.1**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

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 €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 €19.2 million were not available to the Group in the short term.

NOTE 4 - DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of December 31, 2015 amounted to €1,067,722,408 represented by 266,930,602 ordinary shares with a par value of €4 each, for 266,930,602 voting rights.

As of December 31, 2015, the Group held 156,595 shares in treasury, versus 493,806 shares as of December 31, 2014, i.e., 337,211 less shares consequently to:

- the acquisition of 810,000 shares outside of the liquidity contract;
- the transfer of 783,861 shares to employees under performance share plans;
- the cancellation of 400,000 shares (refer to 4.1.1); and
- the net purchase of 36,650 shares under the liquidity contract (refer to 4.1.2.2).

As of December 31, 2015, among the 156,595 shares held in treasury by the Group, 94,945 shares have been allocated according to the allocation objectives described in 4.1.2.1 and 61,650 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in 2015 were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2014	266,357,615	4	1,065,430,460	1,101,130,101
Exercise of options under the 2007 plan	167,058	4	668,232	3,535,529
Exercise of options under the 2008 plan	211,805	4	847,220	3,503,524
Exercise of options under the 2009 plan	165,074	4	660,296	1,501,578
Exercise of options under the 2010 plan	429,050	4	1,716,200	7,641,270
Cancellation of shares	(400,000)	4	(1,600,000)	(16,810,653)
Repayment of paid-in capital*	-		-	(45,030,719)
As of December 31, 2015	266,930,602	4	1,067,722,408	1,055,470,630

* *Portion of dividends distributed in June 2015 deducted from the premium account.*

On May 6, 2015, the Board of Directors decided to cancel 400,000 shares acquired under the share buyback program (shares bought back in June 2014). The €16,810,653 difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

In 2015, 972,987 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €20.1 million (premiums included).

4.1.2 Share buyback program and transactions under the liquidity contract

As of December 31, 2015, the Group held 156,595 shares in treasury (493,806 as of December 31, 2014, out of which 468,806 under the share buyback program and 25,000 under the liquidity contract) which can be detailed as follows:

4.1.2.1 Share buyback program

In 2015, the Group acquired 810,000 shares, at a cost of €39,332,839.

As of December 31, 2015, the Group held 94,945 shares, acquired at a total cost of €3,108,749. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (90,024 shares purchased at a cost of €2,986,118); and
- for allocation upon sale to employees who choose to re-invest their profit-shares in the Company stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

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, 2015, the Group held 61,650 shares under this contract, purchased at a total cost of €3,240,075.

During 2015, transactions under the liquidity contract led to a cash outflow of €532,288 corresponding to net purchases of 36,650 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:

		December 31, 2015	December 31, 2014
Profit attributable to equity holders of Legrand *(in € millions)*	A	550.6	531.7
Average number of shares (excluding shares held in treasury)	B	266,375,725	265,703,963
Average dilution from:			
Performance shares		*965,118*	*1,216,927*
Stock options		*1,833,063*	*2,180,559*
Average number of shares after dilution (excluding shares held in treasury)	C	269,173,906	269,101,449
Number of stock options and performance share grants outstanding at the period end		3,620,509	5,018,871
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(846,650)	(1,937,500)
Shares allocated during the period under performance share plans		783,861	814,221
Basic earnings per share *(euros)*	A/B	2.067	2.001
Diluted earnings per share *(euros)*	A/C	2.046	1.976
Dividend per share *(euros)*		1.100	1.050

As above-mentioned, 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 in 2015; and
- acquired a net 36,650 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2015, 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.

During 2014, the Group:

- issued 1,567,098 shares under the stock option plans;
- transferred 814,221 shares under performance share plans, out of the 2,020,000 shares bought back for this purpose; and
- sold a net 82,500 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2014, basic earnings per share and diluted earnings per share would have amounted to €2.000 and €1.966 respectively for the twelve months ended December 31, 2014.

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 "Employee benefits expense" on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

4.2.1 Performance share plans

4.2.1.1 2011 and 2012 performance share plans

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2011 Plan[1]	2012 Plan[1]
Date approved by shareholders	May 27, 2010	May 26, 2011
Grant date	March 3, 2011	March 7, 2012
Total number of performance share rights granted	1,592,712	987,910[2]
o/w to Executive Directors	*127,888*	*30,710*
■ Gilles Schnepp	65,737	30,710
■ Olivier Bazil	62,151	
End of vesting period	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of performance shares acquired as of December 31, 2015	(1,494,132)	(386,295)
Number of performance share rights cancelled or forfeited	(98,580)	(46,709)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2015	**0**	**554,906**

(1) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).

(2) 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 Commercial Code.

4.2.1.2 2015 performance share plan

The following performance share plan was also approved by the Company's Board of Directors:

	2015 Plan
Date approved by shareholders	May 24, 2013
Grant date	May 29, 2015
Total number of performance share rights initially granted	392,333[1]
o/w to Executive Directors	*23,943[1]*
End of vesting period	June 17, 2019
End of lock-up period	June 17, 2019
Number of performance shares acquired as of December 31, 2015	0
Number of performance share rights cancelled or forfeited	3,062
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2015	**389,271**

(1) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number of performance shares granted 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 Commercial Code.

On May 29 2015, the total expense to be recognized for this performance share plan in accordance with IFRS 2 was estimated at €16.3 million, an amount which is to be spread over the 4 year vesting period.

The final number of shares ultimately granted to beneficiaries is determined based on one service condition and two performance conditions.

The two performance conditions presented below have been set to fully assess the Group's future collective achievements:

Nature of performance conditions	Description of performance conditions	Weighting of performance conditions in the total allocation
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in the 2015, 2016 and 2017 consolidated financial statements and the arithmetic average of EBITDA margins achieved by companies in the MSCI World Capital Goods index over the same period.	50% of the initial allocation
"Internal" performance condition	Arithmetic average of the level *of normalized* free cash flow as a percentage of sales, as published in the 2015, 2016, and 2017 consolidated financial statements, compared to target.	50% of the initial allocation

The number of shares ultimately granted to beneficiaries is calculated as follows:

	Minimum	Target	Maximum
"External" performance condition	■ Final allocation of 0% if the difference between the two averages is less than or equal to 4 points in the Company's favor.	■ Final allocation of 100% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 8.3 points in the Company's favor.	■ Final allocation of 150% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 10.5 or more points in the Company's favor.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 4 and 10.5 points		
	Minimum	**Target**	**Maximum**
"Internal" performance condition	■ Final allocation of 0% if the average normalized free *cash flow* as a percentage of sales is equal to 9.4% or less.	■ Final allocation of 100% of half of the number of shares initially granted under the plan if the average normalized *free cash* flow as a percentage of sales is equal to 12.8%.	■ Final allocation of 150% of half of the number of shares initially granted under the plan if the average normalized *free cash* flow as a percentage of sales is equal to 14.5% or more.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 9.4% and 14.5%.		

If all these shares from 2012 and 2015 plans were to vest (i.e. 944,177 shares), the Company's capital would be diluted by 0.4% as of December 31, 2015.

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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	1,639,709[1]	2,017,639[1]	1,187,364[1]	3,259,853[1]
o/w to Executive Directors	*79,544*[1]	*141,700*[1]	*94,276*[1]	*218,367*[1]
■ Gilles Schnepp	40,880[1]	72,824[1]	48,460[1]	134,796[1]
■ Olivier Bazil	38,664[1]	68,876[1]	45,816[1]	83,571[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	€25.12[1] Average closing price over the 20 trading days preceding the grant date	€20.51[1] Average closing price over the 20 trading days preceding the grant date	€13.08[1] Average closing price over the 20 trading days preceding the grant date	€21.75[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, 2015	(1,171,955)	(1,332,705)	(744,334)	(1,606,378)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding as of December 31, 2015	**360,333**	**563,695**	**335,418**	**1,416,886**

(1) *Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number and exercise price of stock options was adjusted to take into account the impact of this transaction on the interests of stock option beneficiaries, 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 (see Note 12 to the consolidated financial statements for the twelve months ended December 31, 2014).*

The weighted average market price of the Company stock upon exercises of stock options in 2015 was €50.70.

If all these options were to be exercised (i.e., 2,676,332 options), the Company's capital would be diluted at most by 1.0% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2015.

4.2.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €6.4 million was recorded in 2015 (€10.0 million in 2014) for all of these plans combined. See also Note 4.5.2 for cash-settled long-term employee benefits plans implemented from 2013.

4.3 RETAINED EARNINGS AND TRANSLATION RESERVES

4.3.1 Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2015 amounted to €3,006.2 million.

As of the same date, the parent company – Legrand – had retained earnings including profit for the period of €1,207.8 million available for distribution.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until such potential time as the Group no longer controls the entity.

The translation reserve records the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2015	December 31, 2014
US dollar	9.4	(73.6)
Other currencies	(285.5)	(208.2)
TOTAL	**(276.1)**	**(281.8)**

The Group operates in more than 80 countries. It is mainly exposed to a dozen currencies other than euro and US dollar, including the Brazilian real, Indian rupee, Turkish lira, Chilean peso, Australian dollar, Russian ruble and Chinese yuan.

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 the translation reserve. Losses on these bonds recognized in the translation reserve in 2015 amounted to €37.2 million, resulting in a net negative balance of €78.9 million as of December 31, 2015.

In addition, in accordance with IAS 21, translation gains and losses on receivables or payables are treated as part of a net investment in the related foreign Group entity. Gains recognized in the translation reserve in 2015 amounted to €5.9 million, resulting in a net positive balance of €4.2 million as of December 31, 2015.

4.4 PROVISIONS

Changes in provisions in 2015 are as follows:

	December 31, 2015					
(in € millions)	Products guarantee	Claims and litigation	Fiscal 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 described in Note 4.5.2 for an amount of €74.2 million (see also consolidated statement of equity for stock option plans and performance share plans described in Note 4.2).

"Other" also includes a €10.8 million provision for environmental risks to cover mainly estimated depollution costs related to property assets held for sale.

Changes in provisions in 2014 were as follows:

	December 31, 2014					
(in € millions)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.8	72.9	15.8	20.6	75.2	200.3
Changes in scope of consolidation	0.3	0.0	0.5	4.9	0.0	5.7
Increases	6.3	20.6	2.3	9.0	41.5	79.7
Utilizations	(3.5)	(6.3)	(4.7)	(17.7)	(5.1)	(37.3)
Reversals of surplus provisions	(2.0)	(26.7)	0.0	(1.7)	(8.1)	(38.5)
Reclassifications	0.0	1.7	(3.1)	(0.1)	(8.2)	(9.7)
Translation adjustments	0.7	0.6	0.5	0.6	(2.1)	0.3
AT END OF PERIOD	**17.6**	**62.8**	**11.3**	**15.6**	**93.2**	**200.5**
Of which non-current portion	*5.6*	*35.9*	*8.0*	*1.2*	*63.2*	*113.9*

4.5 PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

4.5.1 Pension and other post-employment defined 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 the company up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
France (Note 4.5.1.2)	94.7	97.6
Italy (Note 4.5.1.3)	38.6	39.8
United Kingdom (Note 4.5.1.4)	11.9	13.4
United States (Note 4.5.1.5)	11.0	14.2
Other countries	20.9	18.7
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**177.1**	**183.7**
Of which current portion	*6.5*	*6.7*

The total amount of those liabilities is €177.1 million as of December 31, 2015 (€183.7 million as of December 31, 2014) and is analyzed in Note 4.5.1.1 which shows total liabilities of €361.7 million as of December 31, 2015 (€352.8 million as of December 31, 2014) less total assets of €184.6 million as of December 31, 2015 (€169.1 million as of December 31, 2014).

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, 2015	December 31, 2014
Defined benefit obligation		
Projected benefit obligation at beginning of period	352.8	302.9
Service cost	9.8	9.0
Interest cost	10.7	11.0
Benefits paid or unused	(36.0)	(17.1)
Employee contributions	0.5	0.5
Actuarial loss/(gain)	4.0	30.9
Curtailments, settlements, special termination benefits	0.6	(0.5)
Translation adjustments	16.0	17.1
Other	3.3	(1.0)
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**361.7**	**352.8**
Fair value of plan assets		
Fair value of plan assets at beginning of period	169.1	142.3
Expected return on plan assets	6.5	6.3
Employer contributions	9.7	10.4
Employee contributions	0.8	0.7
Benefits paid	(13.8)	(12.2)
Actuarial (loss)/gain	(1.6)	8.5
Translation adjustments	13.9	13.9
Other	0.0	(0.8)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (II)	**184.6**	**169.1**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) - (II)	**177.1**	**183.7**
Current liability	6.5	6.7
Non-current liability	170.6	177.0

Actuarial losses recognized in equity in 2015 amounted to €5.6 million (€2.0 million after tax).

These €5.6 million actuarial losses resulted from:

- €2.0 million gains from changes in financial assumptions;
- €7.4 million losses from changes in demographic assumptions; and
- €0.2 million 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 €18.8 million and would increase the liability as of December 31, 2015 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 €8.0 million and would increase the liability as of December 31, 2015 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2016	16.2
2017	14.4
2018	14.2
2019	13.8
2020 and beyond	303.1
TOTAL	**361.7**

The impact of service costs and interest costs on profit before tax for the period is as follows:

(in € millions)	12 months ended December 31, 2015	12 months ended December 31, 2014
Service cost	(9.8)	(9.0)
Net interest cost	(4.2)	(4.7)
TOTAL	**(14.0)**	**(13.7)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2015:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		44.5	64.2	53.2
Debt instruments		49.5	34.3	42.4
Insurance funds	100.0	6.0	1.5	4.4
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

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 €94.7 million as of December 31, 2015 (€97.6 million as of December 31, 2014) corresponding to the difference between the projected benefit obligation of €95.4 million as of December 31, 2015 (€99.5 million as of December 31, 2014) and the fair value of the related plan assets of €0.7 million as of December 31, 2015 (€1.9 million as of December 31, 2014).

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 2015 was based on a salary increase rate of 2.75%, a discount rate and an expected return on plan assets of 2.0% (respectively 2.75% and 2.0% in 2014).

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 €38.6 million as of December 31, 2015 (€39.8 million as of December 31, 2014).

The calculation in 2015 was based on a discount rate of 2.03% (1.49% in 2014).

4.5.1.4 Provisions for retirement benefits and other post-employment benefits in United Kingdom

The UK plan is a trustee-administered plan governed by Article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.3% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 44.8% and retired participants for 52.9%.

Plan assets include equities for 44.5%, debt securities for 49.5% and insurance funds for 6.0%. All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €11.9 million as of December 31, 2015 (€13.4 million as of December 31, 2014), corresponding to the difference between the projected benefit obligation of €104.8 million (€100.7 million as of December 31, 2014) and the fair value of the related plan assets of €92.9 million (€87.3 million as of December 31, 2014).

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 2015 was based on a salary increase rate of 4.1%, a discount rate and an expected return on plan assets of 3.6% (respectively 4.0% and 3.5% in 2014).

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 30.2% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.0% and retired participants for 55.8%.

Plan assets include equities (mainly US companies) for 64.2%, debt securities (mainly US bonds) for 34.3% and insurance funds for 1.5%. All of these assets are marked to market.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €11.0 million as of December 31, 2015 (€14.2 million as of December 31, 2014), corresponding to the difference between the projected benefit obligation of €87.8 million (€82.5 million as of December 31, 2014) and the fair value of the related plan assets of €76.8 million (€68.3 million as of December 31, 2014).

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 2015 was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 4.0% (respectively 3.5% and 3.82% in 2014).

4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefits 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 case, 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 2015, an expense of €37.0 million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €74.2 million as of December 31, 2015 (including payroll taxes). See also Notes 4.2.1 and 4.2.2 for performance shares plans and stock option 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, it increases the resources available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
8½% debentures	356.6	318.9
Bonds	1,400.0	1,100.0
Other borrowings*	75.6	102.0
	1,832.2	**1,520.9**
Debt issuance costs	(9.0)	(7.6)
TOTAL	**1,823.2**	**1,513.3**

* *Including €44.7 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€49.7 million as of December 31, 2014).*

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, 2015	December 31, 2014
Euro	1,440.9	1,140.6
US dollar	357.6	318.9
Other currencies	33.7	61.4
TOTAL	**1,832.2**	**1,520.9**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2015 can be analyzed by maturity as follows:

(in € millions)	*8½% debentures*	Bonds	Other borrowings
Due in one to two years		300.0	19.7
Due in two to three years		400.0	31.2
Due in three to four years		0.0	9.7
Due in four to five years		0.0	9.1
Due beyond five years	356.6	700.0	5.9
TOTAL	**356.6**	**1,400.0**	**75.6**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2014 can be analyzed by maturity as follows:

(in € millions)	8½% *debentures*	Bonds	Other borrowings
Due in one to two years		0.0	37.6
Due in two to three years		300.0	18.8
Due in three to four years		400.0	29.3
Due in four to five years		0.0	9.1
Due beyond five years	318.9	400.0	7.2
TOTAL	**318.9**	**1,100.0**	**102.0**

Average interest rates on borrowings are as follows:

	December 31, 2015	December 31, 2014
8½% *debentures*	8.50%	8.50%
Bonds	3.95%	3.75%
Other borrowings	2.74%	2.23%

4.6.1.1 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.

4.6.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

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.

4.6.1.3 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 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.

Funds drawndown are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2015, the Credit Facility had not been drawn down.

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014
Commercial paper	15.0	15.0
Other borrowings	52.9	56.4
TOTAL	**67.9**	**71.4**

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, 2015	December 31, 2014*
Deferred taxes recorded by French companies	(289.8)	(305.6)
Deferred taxes recorded by foreign companies	(251.7)	(260.6)
TOTAL	**(541.5)**	**(566.2)**
Origin of deferred taxes:		
■ Impairment losses on inventories and receivables	56.1	46.6
■ Margin on inventories	21.8	19.4
■ Recognized operating losses carried forward	5.2	8.0
■ Finance leases	(3.4)	(4.2)
■ Fixed assets	(158.7)	(143.4)
■ Trademarks	(530.2)	(533.7)
■ Patents	(0.7)	(1.1)
■ Other provisions	39.8	32.4
■ Pensions and other post-employment benefits	45.1	46.2
■ Fair value adjustments to derivative instruments	(1.6)	(1.8)
■ Other	(14.9)	(34.6)
TOTAL	**(541.5)**	**(566.2)**
■ Of which deferred tax assets	114.9	92.4
■ Of which deferred tax liabilities	(656.4)	(658.6)

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

Short- and long-term deferred taxes can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014*
Deferred taxes – short-term	94.8	75.6
Deferred taxes – long-term	(636.3)	(641.8)
TOTAL	**(541.5)**	**(566.2)**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

Tax losses carried forward break down as follows:

(in € millions)	December 31, 2015	December 31, 2014
Recognized operating losses carried forward	**19.2**	**31.3**
Recognized deferred tax assets	5.2	8.0
Unrecognized operating losses carried forward	**159.0**	**149.7**
Unrecognized deferred tax assets	32.7	38.5
Total net operating losses carried forward	**178.2**	**181.0**

4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in € millions)	December 31, 2015	December 31, 2014*
Tax liabilities	68.3	66.5
Accrued employee benefits expense	215.1	194.9
Statutory and discretionary profit-sharing reserve	26.0	24.9
Payables related to fixed asset purchases	14.9	14.2
Accrued expenses	78.9	62.3
Accrued interest	48.2	47.0
Deferred revenue	13.9	9.3
Pension and other post-employment benefit obligations	6.5	6.8
Other current liabilities	29.5	31.8
TOTAL	**501.3**	**457.7**

* *Restated comparative data at December 31, 2014 (see Note 1.2.1.1).*

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, 2015			
		Impact on equity		
(in € millions)	Impact on financial profit (loss)	Fair value	Translation adjustment	Other
Trade receivables				
Trade payables				
Borrowings	(80.2)		(37.2)	
Derivatives	16.8			
TOTAL	**(63.4)**		**(37.2)**	

Debentures denominated in US dollars ("Yankee bonds") are considered as a net investment hedge (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

	December 31, 2015				December 31, 2014
			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	545.4	545.4	545.4		500.4
Other current financial assets	0.7	0.7		0.7	0.6
TOTAL CURRENT ASSETS	**546.1**	**546.1**	**545.4**	**0.7**	**501.0**
EQUITY AND LIABILITIES					
Current liabilities					
Short-term borrowings	67.9	67.9	67.9		71.4
Trade payables	531.3	531.3	531.3		481.8
Other current financial liabilities	0.4	0.4		0.4	0.4
TOTAL CURRENT LIABILITIES	**599.6**	**599.6**	**599.2**	**0.4**	**553.6**
Non-current liabilities					
Long-term borrowings	1,823.2	1,928.7	1,823.2		1,513.3
TOTAL NON-CURRENT LIABILITIES	**1,823.2**	**1,928.7**	**1,823.2**		**1,513.3**

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.

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In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

5.1.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

	December 31, 2015							December 31, 2014
(in € millions)	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
Financial assets*								
Fixed rate								
Variable rate	1,088.4						1,088.4	729.1
Financial liabilities**								
Fixed rate	(6.4)	(318.0)	(411.2)	(8.0)	(7.5)	(1,056.6)	(1,807.7)	(1,472.4)
Variable rate	(61.5)	(1.7)	(20.0)	(1.7)	(1.6)	(5.9)	(92.4)	(119.9)
Net exposure								
Fixed rate	(6.4)	(318.0)	(411.2)	(8.0)	(7.5)	(1,056.6)	(1,807.7)	(1,472.4)
Variable rate	1,026.9	(1.7)	(20.0)	(1.7)	(1.6)	(5.9)	996.0	609.2

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, this adjustment was amortized to profit or loss as a deduction to financial expense in the period through March 2015, i.e., over the initial life of the swaps. The gain recognized in 2015 was €0.8 million (€3.5 million in 2014).

As part of Group's interest rate risk management policy, further interest rate swaps may be set up in the future, based on changes in market conditions.

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

	December 31, 2015		December 31, 2014	
(in € millions)	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
Impact of a 100-bps increase in interest rates	6.4	6.4	3.9	3.9
Impact of a 100-bps decrease in interest rates	(6.9)	(6.9)	(4.8)	(4.8)

The impact of a 100-basis point increase in interest rates would result in a gain of €6.4 million due to a net positive variable-rate exposure. Conversely, the impact of a 100-basis point decrease in interest rates would result in a loss of €6.9 million.

5.1.2.2 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 exchange rate risk.

As of December 31, 2015 the Group has set up forward contracts in Australian dollars, in Brazilian reals, and in US dollars which are accounted for in the balance sheet at their fair value.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

	December 31, 2015					December 31, 2014
(in € millions)	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	813.6	(1,491.1)	(677.5)	(86.4)	(763.9)	(840.2)
US dollar	71.0	(363.5)	(292.5)	109.7	(182.8)	(189.7)
Other currencies	203.8	(45.5)	158.3	(23.3)	135.0	166.7
TOTAL	**1,088.4**	**(1,900.1)**	**(811.7)**	**0.0**	**(811.7)**	**(863.2)**

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

	December 31, 2015		December 31, 2014	
	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	0.2	35.9	2.6	34.5
Other currencies	2.7	7.1	3.2	7.8

	December 31, 2015		December 31, 2014	
	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	(0.2)	(32.6)	(2.4)	(31.4)
Other currencies	(2.4)	(6.5)	(2.9)	(7.1)

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2015			December 31, 2014
(in € millions)	Current operating assets excluding taxes	Current operating liabilities excluding taxes	Net exposure	Net exposure
Euro	432.8	(580.6)	(147.8)	(166.9)
US dollar	334.1	(186.6)	147.5	119.2
Other currencies	628.8	(370.2)	258.6	293.0
TOTAL	**1,395.7**	**(1,137.4)**	**258.3**	**245.3**

The table below presents the breakdown of net sales and operating expenses by currency as December 31, 2015:

(in € millions)	Net sales		Operating expenses	
Euro	1,877.3	39.0%	1,474.2	37.6%
US dollar	1,255.3	26.1%	1,051.0	26.8%
Other currencies	1,677.3	34.9%	1,398.0	35.6%
TOTAL	**4,809.9**	**100.0%**	**3,923.2**	**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 2015 in a decrease in net revenue of approximately €266.6 million (€238.6 million in 2014) and a decrease in operating profit of approximately €44.0 million (€37.3 million in 2014), while a 10% decrease would have resulted in 2015 in an increase in net revenue of approximately €293.3 million (€262.4 million in 2014) and an increase in operating profit of approximately €48.4 million (€41.0 million in 2014).

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 €470 million in 2015.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €47 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 2015.

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 any one of these 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 (€802.7 million as of December 31, 2015) 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 6 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:

(in € millions)	December 31, 2015	December 31, 2014
Compensation (amounts paid during the 12 month period)		
Fixed compensation	3.9	3.5
Variable compensation	2.0	2.0
Other short-term benefits[(1)]	0.1	0.1
Pension and other post-employment benefits[(2)]	**(8.3)**	**0.1**
Other long-term benefits (charge for the 12 month period)[(3)]	**4.3**	**3.6**
Termination benefits (charge for the 12 month period)	**0.0**	**0.0**
Share-based payments (charge for the 12 month period)[(4)]	**0.8**	**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 benefits plans described in Note 4.5.2.

(4) As per the performance share plans and the stock option plans described in Note 4.2.

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, 2015	December 31, 2014
Guarantees given to banks	164.3	172.0
Guarantees given to other organizations	59.9	48.6
TOTAL	**224.2**	**220.6**

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, 2015	December 31, 2014
Due within one year	45.4	45.9
Due in one to two years	38.9	35.5
Due in two to three years	30.5	27.7
Due in three to four years	21.9	21.6
Due in four to five years	17.1	17.0
Due beyond five years	36.2	47.5
TOTAL	**190.0**	**195.2**

5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €15.6 million as of December 31, 2015.

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 SUBSEQUENT EVENTS

On February 11, 2016, the Group announced the acquisitions of Fluxpower in Germany and Primetech in Italy. These two companies are specialists in UPS. Together they have combined annual sales of close to €9.0 million.

8.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS, IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2015

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 captions or on information taken outside of the consolidated financial statements.

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, 2015, 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, 2015 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 € 2.776,3 million and € 1.822,0 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 of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in notes 3.1 and 3.2 of 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 10, 2016
The Statutory Auditors
French Original signed by

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard Sattler	Jean-Marc Lumet

8.3 - STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	Amount in euros (excluding taxes)		*%*		*Amount in euros (excluding taxes)*		*%*	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit services								
Statutory audit, certification and review of the parent company and consolidated financial statements	**1,798,267**	**1,713,375**	**65%**	**54%**	**2,051,394**	**1,956,724**	**72%**	**95%**
Of which								
■ Issuer	273,948	273,948	10%	9%	273,948	273,948	10%	13%
■ Fully consolidated subsidiaries	1,524,319	1,439,427	55%	45%	1,777,446	1,682,776	62%	81%
Other work and services directly related to the audit assignment*	**337,881**	**725,588**	**12%**	**23%**	**756,894**	**82,300**	**26%**	**4%**
Of which								
■ Issuer	15,000	35,375	1%	1%	65,800	79,100	2%	4%
■ Fully consolidated subsidiaries	322,881	690,213	12%	22%	691,094	3,200	24%	0%
SUB-TOTAL, AUDIT	**2,136,148**	**2,438,963**	**77%**	**77%**	**2,808,288**	**2,039,024**	**98%**	**99%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, social security	630,315	731,275	23%	23%	49,512	29,555	2%	1%
Other	0	11,112	0%	0%	0	0	0%	0%
SUB-TOTAL, OTHER	630,315	**742,387**	23%	**23%**	49,512	**29,555**	2%	**1%**
TOTAL	**2,766,463**	**3,181,350**	**100%**	**100%**	**2,857,800**	**2,068,579**	**100%**	**100%**

* *These services mainly correspond to work conducted in the course of certain acquisitions.*

8.4 - DIVIDEND POLICY

The Company may decide to pay dividends at the recommendation of the Board of Directors and following a decision of its shareholders at the annual Shareholder's General Meeting. However, the Company is under no obligation to pay dividends and the decision on whether or not to recommend the payment of a dividend and the amount of that dividend will depend on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's 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 paid. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to pay dividends in certain circumstances.

Dividends paid in respect of the 2012, 2013 and 2014 financial years were as follows:

			Earnings distributed per share	
Financial year	**Number of shares entitled to dividends**	**Dividend per share**	**Eligible for the 40% income-tax exemption 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***
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0

* *A fraction of €0.17 of the dividend distributed with regard to the 2014 financial year, having the fiscal form of repayment of paid in capital, within the meaning of Article 112 1°) of the French Tax Code, the amount of which is not considered as distributed income for tax purposes.*

Subject to the approval of the Shareholders' General Meeting to be held on May 27, 2016, the Company will pay a dividend of €1.15 per share[(1)] for the 2015 financial year, on June 2, 2016.

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.

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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 2015 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. In the course of its operating activities, the Group is committed to the payment of rents spread over several years, under the terms of operating lease agreements, amounting to a total of €190 million as at December 31, 2015. 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 €133.4 million in 2015 (€125.3 million in 2014 and €133.0 million in 2013), representing 2.8% of the Group's consolidated sales (2.8% in 2014 and 3.0% in 2013). 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 2015

Legrand decided to focus a significant portion of its external growth policy on supporting its growing power in the most promising technology areas and in 2015 accordingly announced four new acquisitions with total annual sales of approximately €150 million:

- Legrand strengthened its international presence in the area of digital infrastructures with the acquisitions of Raritan Inc., a leading North American player in the smart *PDU*[1] and *KVM*[2] switch segment; and of Valrack, an Indian player specialized in racks, cabinets Voice-Data-Image and related products for data centers;
- the Group also continued its development in the high-potential energy efficiency market with the acquisition of the IME group, a leading Italian player and European specialist in the measurement of the parameters of electrical systems; and
- Legrand complemented its lighting control offering in the United States with the acquisition of QMotion, a specialist in lighting control for residential buildings.

8.8.2.2 THE GROUP'S PRIMARY ACQUISITIONS IN 2014 AND 2013

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 Europe-wide 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.

During the 2013 financial year, Legrand made four acquisitions. Below are extracts from related press releases:

- Seico, the Saudi leader in metal cable management. The company has three production sites in Saudi Arabia which manufacture all of its output, and its 2012 sales totaled around €23 million;
- S2S, a French specialist in uninterruptible power supply (UPS). The move strengthens Legrand's position in the fast-growing UPS market, building on the solid sales and service network of S2S, which reported sales of over €20 million in 2012;
- Adlec Power, a leading Indian manufacturer of distribution boards. Legrand's holds a 70% stake in the company with the option to take complete control from July 2018. Based in Delhi, Adlec Power generates annual sales of approximately €23 million;
- Tynetec, a leading player in assisted living systems in the UK. Based in the Newcastle area, Tynetec has annual sales of more than €15 million.

8.8.3 - The Group's primary acquisitions in 2016 and principal investments in process

In 2016, the Group plans to continue its value-driving strategy of targeted growth through acquisitions and, as of the date of publication of this Registration Document, has acquired Fluxpower in Germany and Primetech in Italy.

Fluxpower and Primetech are UPS specialist[3], that employ a total of approximately 60 people and generate combined annual sales of approximately €9 million.

(1) PDU: Power Distribution Unit.

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

(3) UPS: Uninterruptible Power Supply

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 Limoges Registre du commerce et des sociétés under number 421 259 615.

9.1.3 - Date and duration of incorporation

The Company was initially formed in France on December 22, 1998 as a French stock corporation (*société anonyme*). It was transformed into a simplified joint stock company (*société par actions simplifiée*) by an Extraordinary General Meeting of Shareholders on December 5, 2001. The Company was again transformed into a French stock corporation (*société anonyme*) by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

9.1.4 - Registered office

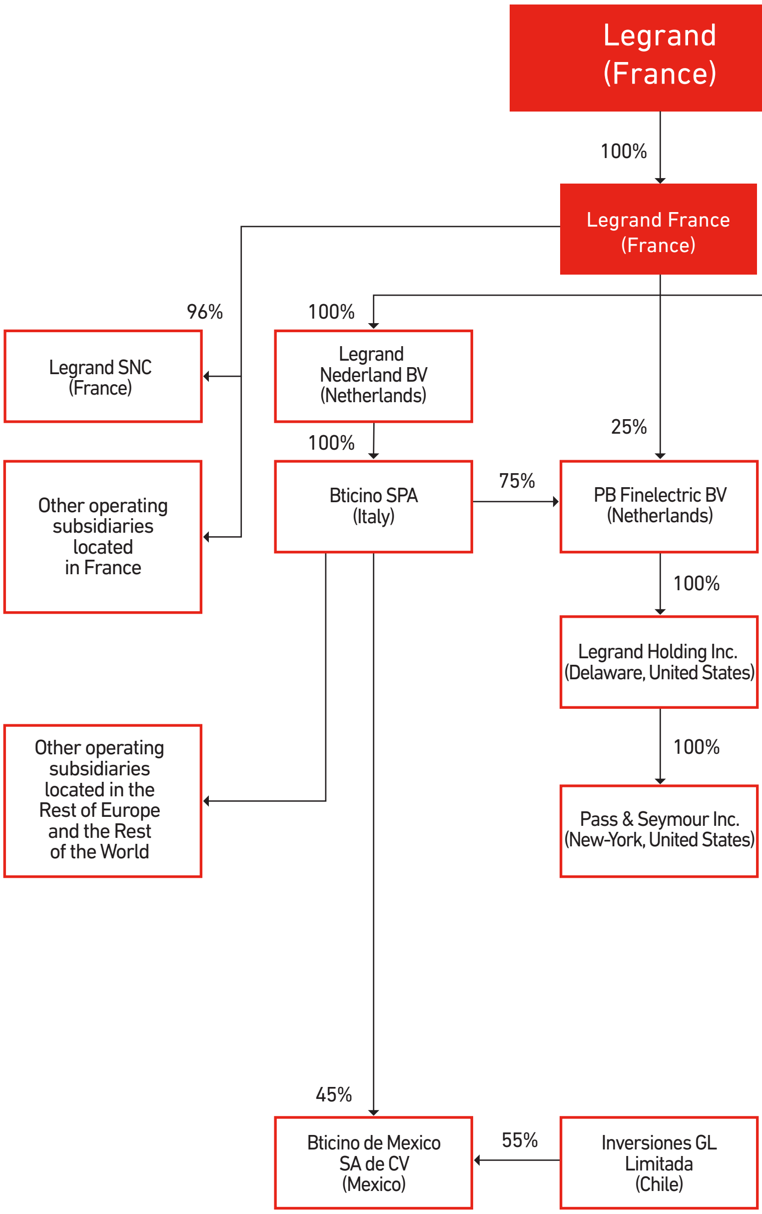
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

9.1.5 - Legal form and applicable law

Legrand is a French stock corporation (*société anonyme*) with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

9.1.6 - Simplified organizational chart



9.1.7 - Subsidiaries

The Group is made up of the Company and the 184 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.

Legrand France is the Company's wholly-owned main operating subsidiary. As at Thursday, December 31, 2015, the subsidiaries are all wholly controlled, either directly or indirectly, by the Company, with the exception of Alborz Electrical Industries Ltd, Kontaktor and Legrand Polska, which are over 98% owned, Megapower, which is 80% owned, Adlec, which is 70% owned, and Neat, which is 51% owned.

The payment of dividends by Legrand's main subsidiaries is decided by their respective shareholders' general meetings, and is subject to the local laws and regulations applicable to them. At the date of this Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries that hold interests in the Group are:

BTICINO DE MEXICO SA DE CV (MEXICO)

Bticino de Mexico SA de CV is a variable capital joint stock company formed under Mexican law, with its registered office at Carretera 57, Qro a S.L.P Km 22.7, Santa Rosa de Jauregui, 76220 Queretaro. The primary purpose of Bticino de Mexico SA de CV is the design, manufacture and marketing of electrical products and systems. Bticino de Mexico SA de CV was formed on January 30, 1952 and entered the Group's scope of consolidation on August 15, 1989. Bticino de Mexico SA de CV is 45% owned by Bticino SpA and 55% owned by Inversiones GL Limitada.

BTICINO SPA (ITALY)

Bticino SpA is a joint stock company formed under Italian law, with its registered office at Viale Borri 231, 21100 Varese. The primary purpose of Bticino SpA is the design, manufacture and marketing of electrical products and systems. Bticino SpA entered the Group's scope on July 1, 1989 and is wholly owned by Legrand Nederland BV.

INVERSIONES GL LIMITADA (CHILE)

Inversiones GL Limitada is a limited liability company formed under Chilean law, with its registered office at 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. It is a French stock corporation (*société anonyme*), registered in the Limoges commercial register (*Registre du commerce et des sociétés*) under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc. is to take equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and entered the Group's scope of consolidation on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is the manufacture and marketing of metal cable trays. Legrand Nederland BV was formed and entered the Group's scope of consolidation on December 27, 1972. Legrand Nederland BV is wholly owned by Legrand France.

LEGRAND SNC (FRANCE)

Legrand SNC is a general partnership formed under French law, registered in the Limoges commercial registry (*Registre du commerce et des sociétés*) under number 389 290 586, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand SNC is the marketing and distribution of Legrand brand products. Legrand SNC was formed and entered the Group's scope of consolidation on December 8, 1992. Legrand SNC is 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 Thursday, December 31, 2015.

9.2.1 - Subscribed share capital and share capital authorized but not issued

Taking into account the number of shares as at December 31, 2015, the Company's share capital amounts to €1,067,722,408, divided into 266,930,602 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 Shareholders' General Meetings:

Authorizations and delegations granted by the Shareholders' General Meeting	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2015 financial year
		General Shareholders' Meeting of May 24, 2013	
Authorization for the purpose of granting one or more allotments of options for the subscription or purchasing of shares to employees and/or executive directors (Resolution 8)	38 months Sunday, July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the options granted pursuant to this authorization and the shares granted pursuant to Resolution 9	Nil
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (Resolution 9)	38 months Sunday, July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the free shares allotted pursuant to this authorization and the options granted pursuant to Resolution 8	382,756 shares awarded[(1)]

(1) *The initial award was 390,844 shares. Following the adjustment made with consideration to the payment modalities of the dividend as decided by the General Shareholder's Meeting, on May, 29th 2015, in order to take into account the impact of this operation on the interests of the beneficiaries of the performance shares, the award amounted to 392,333 shares. Then, the amount has been reduced to 382,756 shares after the decision of Mr. Gilles Schnepp to renounce to a part of the shares allotted during the 2015 financial year, which decision has been noted by the Board of Directors on March, 17th 2016.*

Authorizations and delegations granted by the Shareholders' General Meeting	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2015 financial year
		General Shareholders' Meeting of Tuesday, May 27, 2014	
Authorization for the purpose of reducing the share capital by cancellation of shares (Resolution 11)	26 months Wednesday, July 27, 2016	Limit: 10% of the share capital at May 27, 2014, per 24-month period	Cancellation of 400,000 shares
Issue of ordinary shares or securities providing access to Company's ordinary shares or entitlement to debt securities, with preferred subscription rights maintained (Resolution 12)	26 months Wednesday, July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases 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 limit for debt securities of €2 billion (the "Overall Debt Securities Limit"))	Nil
Issue, by public offering, of ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (Resolution 13)	26 months Wednesday, July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by Resolution 14 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolution 14 and in the Overall Debt Securities Limit)	Nil
Issue, by means of an offer within the scope of Article L. 411-2 II of the French Monetary and Financial Code (private placement), of shares or securities convertible to equity or entitlement to debt securities with cancellation of subscription rights (Resolution 14)	26 months Wednesday, July 27, 2016	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 13 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 13 and in the Overall Debt Securities Limit)	Nil
Increase in the issue amounts, made with preferred subscription rights maintained or waived in the event of excess demand (Resolution 15)	26 months Wednesday, July 27, 2016	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided pursuant to Resolutions 12, 13 or 14	Nil
Capital increase through incorporation of reserves, profits, premiums or other items (Resolution 16)	26 months Wednesday, July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million, it being noted that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Shareholders' General Meeting of May 27, 2014	Nil

Authorizations and delegations granted by the Shareholders' General Meeting	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2015 financial year
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (Resolution 17)	26 months Wednesday, July 27, 2016	Total nominal amount of capital increases pursuant to this delegation: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by Resolutions 13 and 14 and in the Overall Capital Increase Limit)	Nil
Issues of shares or securities providing access to share capital as consideration for contributions in kind to the Company with preferred subscription rights waived (Resolution 18)	26 months Wednesday, July 27, 2016	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this delegation: included in the nominal limit of €100 million set by Resolutions 13 and 14 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to this delegation: may not exceed €500 million (this total nominal amount is included in the limit of €1 billion set by Resolutions 13 and 14 and in the Overall Debt Securities Limit)	Nil
		General Shareholders' Meeting of May 29, 2015	
Authorization for the purpose of allowing the Company to trade its own shares (Resolution 9)	18 months Tuesday, November 29, 2016	Limit: 10% of the share capital at Friday, May 29, 2015 Maximum amount allocated: €1,000 million Maximum purchase price per share: €70	€68,503,940

9.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF MAY 27, 2016

At the Shareholders' General Meeting to be held on May 27, 2016, 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 11)	18 months Monday, November 27, 2017	Limit: 10% of the share capital at Friday, May 27, 2016 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 12)	18 months Monday, November 27, 2017	Limit: 10% of the share capital at Friday, May 27, 2016
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (Resolution 13)	38 months Saturday, July 27, 2019	Limit: 1.5% of the share capital at the date of the allotment decision
Issue of shares or securities with preferred subscription rights (Resolution 14)	26 months Friday, 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"**))

Authorization/delegation	Duration and expiration date	Terms and conditions of the delegation Maximum nominal amount
Issue, by public offering, of shares or complex securities, with preferred subscription rights waived (Resolution 15)	26 months Friday, 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)
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, with preferred subscription rights waived (Resolution 16)	26 months Friday, 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)
Increase in issue amounts, with or without preferred subscription rights, in the event of excess demand (Resolution 17)	26 months Friday, 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
Capital increase through incorporation of reserves, profits, premiums or other items (Resolution 18)	26 months Friday, 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 Shareholders' General Meeting of May 27, 2016
Issue of shares or complex securities for members of a Company or Group employee share-ownership program, with preferred subscription rights waived (Resolution 19)	26 months Friday, 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)
Issue of shares or complex securities as consideration for contributions in kind to the Company with preferred subscription rights waived (Resolution 20)	26 months Friday, 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)

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 29, 2015

The Company implemented a share buyback program pursuant to the authorization described below and granted to the Board of Directors at the Shareholders' General Meeting on May 29, 2015:

Transaction	Duration of authorization and expiration date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (Resolution 9)	18 months Tuesday, November 29, 2016	1,000	10% of the Company's share capital at May 29, 2015

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs.

During 2015, the Company purchased a total of 2,036,904 shares at a total cost of €101,829,710 (€33,325,770 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 27, 2014, and €68,503,940 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 29, 2015) and sold 2,000,254 shares for a total of €101,297,424, under the liquidity agreement 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) as approved by the French Financial Markets Authority (AMF) in its decision of March 22, 2005.

At December 31, 2015, the balance on the liquidity agreement stood at 61,650 shares.

Excluding liquidity agreements, the Company bought back 810,000 shares at a cost of €39,220,423. Trading costs totaled €112,416.

The Company (i) transferred 783,861 shares to employees under performance share award plans and (ii) cancelled 400,000 shares.

At December 31, 2015, the Company held 156,595 shares with a par value of €4 each, for a total of €626,380, or 0.06% of its share capital. Valued at cost at the time of purchase, these shares totaled €6,348,824.

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 SHAREHOLDERS' GENERAL MEETING

The draft resolutions adopted by the Company's Board of Directors on March 17, 2016 for submission to shareholders at the Shareholders' General Meeting on May 27, 2016 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 2015, the Company's share capital increased by a total nominal amount of €3,891,948 due to the issue of 972,987 shares following the exercise of stock subscription options.

Changes in the share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Incorporation	12/22/1998	40,000	40,000	-	40,000	40,000	1
Capital increase	12/8/2002	759,310,900	759,310,900	-	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and reduction in the number of shares	2/24/2006	569,513,175	-	-	759,350,900	189,837,725	4
Capital increase by way of a public offering	4/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved for GP Financière New Sub 1	4/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	5/2/2006	2,303,439	9,213,756	36,279,164[a]	1,078,773,504	269,693,376	4
Recognition of capital increase following exercise of options for the subscription of shares	11/7/2007	1,282,363	5,129,452	-	1,083,902,956	270,975,739	4
Cancellation of shares	3/5/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase following exercise of options for the subscription of shares	11/5/2008	977,784	3,911,136	-	1,051,260,512	262,815,128	4
Recognition of capital increase following exercise of options for the subscription of shares	5/5/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase following exercise of options for the subscription of shares	5/5/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase following exercise of options for the subscription of shares	2/9/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on vesting of bonus shares	3/30/2011	120,635	482,540	-	1,053,127,924	263,281,981	4
Recognition of capital increase following exercise of options for the subscription of shares	2/8/2012	107,014[b]	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase following exercise of options for the subscription of shares	2/13/2013	985,880[c]	3,943,520	17,963,560	1,057,499,500	264,374,875	4
Recognition of capital increase following exercise of options for the subscription of shares	2/12/2014	1,215,642[d]	4,862,568	18,523,223	1,062,362,068	265,590,517	4
Cancellation of shares	5/27/2014	800,000	3,200,000	(34,262,266)	1,059,162,068	264,790,517	4
Recognition of capital increase following exercise of options for the subscription of shares	2/11/2015	1,567,098[e]	6,268,392	27,316,941	1,065,430,460	266,357,615	4

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Cancellation of shares	5/6/2015	400,000	1,600,000	(16,810,653)	1,063,830,460	265,957,615	4
Recognition of capital increase following exercise of options for the subscription of shares	2/10/2016	972,987[f]	3,891,948	16,181,903	1,067,722,408	266,930,602	4

(a) *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.*

(b) *These 107,014 new shares were actually issued in 2011 following the exercise of options for the subscription of shares, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.*

(c) *These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.*

(d) *These 1,215,642 new shares were actually issued in 2013 following the exercise of options for the subscription of shares.*

(e) *These 1,567,098 new shares were actually issued in 2014 following the exercise of options for the subscription of shares.*

(f) *These 972,987 new shares were actually issued in 2015 following the exercise of options for the subscription of shares. Additional paid-in capital of €45,030,719.46 was also distributed in 2015.*

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

Until May 29, 2015, a double voting right, in proportion to the share capital represented, was awarded to all fully paid-up shares proven to have been registered in the same shareholder's name for at least two years.

On May 29, 2015, the Special Meeting of Shareholders with double voting rights and the Combined Ordinary and Extraordinary General Meeting of Shareholders approved the cancellation of double voting rights in accordance with the principle of "one share, one vote" enshrined in the Company's Articles of Association.

At December 31, 2015, the Company's share capital consisted of 266,930,602 shares corresponding to 266,930,602 theoretical voting rights and 266,774,007 exercisable voting rights, less treasury shares, which carry no 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 Shareholders' General Meeting is entitled to the same number of votes as the number of shares that they own or represent. In line with the option provided for under 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 Shareholders' General Meeting.

Whenever more than one share is required to exercise a particular right, specifically in the event of the exchange or allocation of securities as part of a transaction like a consolidation, or an increase or decrease in the share capital, either on a cash basis or via the incorporation of reserves, or of a merger or any other transaction, single shares or an amount of shares that is lower than the one required do not entitle their owner to any rights over the Company. In this case, shareholders shall take personal responsibility for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the breakdown of its shareholders under the conditions specified in law. In this respect, the Company may avail itself of all 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 Meetings

PARTICIPATION AT SHAREHOLDERS' GENERAL MEETINGS

Subject to legal and regulatory restrictions, any shareholder has the right to attend Shareholders' General Meetings and to participate in deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to attend Shareholders' General Meetings, in any form whatsoever, is conditional upon the accounting registration or book-entry transfer in the name of the shareholder or the authorized intermediary registered on his or her behalf, 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 SHAREHOLDERS' GENERAL MEETINGS

Shareholders' General Meetings are convened in accordance with the conditions laid down by law. Meetings are held at the registered office or at any other location in France or abroad, specified in the notice of meeting.

CONDUCT OF SHAREHOLDERS' GENERAL MEETINGS

Shareholders' General Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or by a Director specifically appointed for this purpose by the Board of Directors. Otherwise, the Meeting elects its own Chairman.

Any shareholder may, if the Board of Directors allows them to do so in the notice of meeting, participate in a General Meeting via video conference or other electronic means of telecommunications or transmission, under the conditions determined by law or the regulations in force. Such shareholders are then deemed present for the calculation of the quorum and majority.

An attendance sheet is kept for each meeting as required by law.

DELIBERATIONS AND POWERS OF SHAREHOLDERS' GENERAL MEETINGS

The Ordinary and Extraordinary Shareholders' General Meetings, voting with the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

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 Shareholders' General Meeting, the shares in excess of the amount that should have been declared shall be stripped of their voting rights, and the shareholder at fault shall be able neither to exercise nor delegate these rights for any Shareholders' General Meeting held until the expiry of a two-year period following the date when notice was properly served.

9.3.8 - Changes to the share capital

The Company's share capital may be increased or reduced 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.

The 2015 financial information presented in this Registration Document is the subject of an auditors' report that appears on page 250 of this Registration Document.

The consolidated financial statements for the year ended December 31, 2014, are included for reference in the present document and are the subject of an auditors' report that appears on page 245 of the 2014 Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) under number D.15-0352.

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

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, 2013 and the related statutory auditors' report, as presented on pages 190 to 242 and 243-244 of the 2013 Registration Document filed with the Autorité des Marchés Financiers on April 2, 2014 under number D.14-0274, as well as 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 on page 245 of the 2014 Registration Document filed with the Autorité des Marchés Financiers on April 15, 2015, under number D.15-0352.

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9.4.2 - Statutory auditors

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

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

Represented by Édouard Sattler
Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary Shareholders' General Meeting of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015. Please refer to Appendix 4 of this Registration Document for further information concerning the reappointment of the Principal Statutory Auditor.

Deloitte & Associés

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

Represented by Jean-Marc Lumet
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex, France

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

DEPUTY STATUTORY AUDITORS

Mr. Yves Nicolas

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

Crystal Park, 63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of March 2, 2004, and re-appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015. Please refer to Appendix 4 of this Registration Document for further information concerning the expiry of the term of office of the Deputy Statutory Auditor.

BEAS

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

195, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine, France

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

9.4.3 - Financial information

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr. Antoine Burel

Chief Financial Officer

Address: 82, rue Robespierre, 93170 Bagnolet

Telephone: + 33 (0)1 49 72 52 00

Fax: + 33 (0)1 43 60 54 92

DOCUMENTS ON DISPLAY

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 2016 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 Saturday, December 31, 2016, should be as follows:

- 2016 first-quarter results: Wednesday, May 04, 2016
- Shareholders' General Meeting: Friday, May 27, 2016
- Ex-dividend date: Tuesday, May 31, 2016
- Dividend payment: Thursday, June 02, 2016
- 2016 first-half results: August 1, 2016
- Results for the first nine months of 2016: Thursday, November 10, 2016

CROSS-REFERENCE TABLES

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CROSS-REFERENCE TABLE – ANNUAL FINANCIAL REPORT – (ARTICLE 222-3 OF THE GENERAL REGULATIONS OF THE FRENCH FINANCIAL MARKETS AUTHORITY *(AUTORITÉ DES MARCHÉS FINANCIERS)*

General Regulations of the French Financial Markets Authority (Autorité des marchés financiers) – Article 222-3		Annual Financial Report	
No.	**Item**	**Reference**	**Page(s)**
I.1	Annual financial statements	Appendix 1	280-296
I.2	Consolidated financial statements prepared in accordance with Regulation (EC) No1606/2002 of July 19, 2002, on the application of international accounting standards	Chapter 8	201-249
I.3	Management Report containing at least the information referred to in Articles L. 225-100, L. 255-100-3 and the second sub-paragraph of Article L. 225-211 of the French Commercial Code	Appendix 2	297-312
	Management Report containing information referred to in Article L. 225-100-2 of the French Commercial Code	Chapter 5	129-148
I.4	Statement made by the natural persons taking responsibility for the Annual Financial Report	9.4.1	269
I.5	Statutory Auditors' reports on the annual financial statements	Appendix 3	313
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CROSS-REFERENCE TABLE – EUROPEAN COMMISSION REGULATION (EC) 809/2004 OF APRIL 29, 2004

European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
1	**Persons responsible**		
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3.1	Selected historical financial information	Chapter 1	12-13
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European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
5.1.5	Important events in the development of the issuer's business	2.1.2	21
5.2	Capital expenditure		
5.2.1	Description of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Registration Document	5.6, 8.8.1 and 8.8.2	141, 253-254
5.2.2	Description of the issuer's principal current investments	8.8.3	254
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Cross-reference table – European Commission Regulation (EC) 809/2004 of April 29, 2004

European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
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13	**Profit forecasts or estimates**		
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	Not applicable	-
13.2	Report prepared by independent accountants or Statutory Auditors	Not applicable	-
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information	Not applicable	-
13.4	Statement setting out whether or not profit forecast is still correct as at the date of the Registration Document, and, if it is not, an explanation of why such forecast is no longer valid	Not applicable	-
14	**Administrative, Management, and Supervisory Bodies and Senior Management**		
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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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18.1	The name of any person who is not a member of the administrative, management or supervisory bodies who, directly or indirectly, holds a percentage of the issuer's share capital or voting rights which is notifiable under the issuer's national law, together with the amount of each person's stake or, if there are no such persons, an appropriate negative statement	7.1.1	192
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20.4.3	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, state the source of the data and that the data is unaudited	Not applicable	-
20.5	Date of latest audited financial information (fiscal year ended 12/31/2015)	8.1	202-249
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Cross-reference table – European Commission Regulation (EC) 809/2004 of April 29, 2004

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22	**Material agreements**	**8.7**	**253**
23	**Third party information and statement by experts and declarations of interest**		
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23.2	Confirmation that information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading	Not applicable	-
24	**Documents available to the public**	**9.4.3**	**271**
25	**Information on holdings**	**9.1.7**	**257-258**

APPENDIX A

APPENDIX 1

Financial statements December 31, 2015

Statement of income

(in € thousands)	December 31, 2015	December 31, 2014
Operating income		
Revenue	19,728	18,453
Other operating income	4,100	5,955
TOTAL OPERATING INCOME	**23,828**	**24,408**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(5,056)	(5,553)
Taxes other than on income	(826)	(558)
Employee benefits expense	(10,943)	(11,416)
Amortization and provision expense	(5,473)	(3,796)
Other operating expenses	(532)	(554)
TOTAL OPERATING EXPENSES	**(22,830)**	**(21,877)**
Operating profit	**998**	**2,531**
Financial income		
Dividend income	249,851	263,580
Interest income from marketable securities and receivables, net	0	0
Provision reversals and expense transfers	0	40
Exchange gains	1	0
Other financial income	2	23
TOTAL FINANCIAL INCOME	**249,854**	**263,643**
Financial expense		
Amortization and provision expense	(840)	(631)
Exchange losses	(4)	(3)
Finance costs and other	(44,719)	(45,248)
TOTAL FINANCIAL EXPENSE	**(45,563)**	**(45,882)**
Financial income and expense, net	**204,291**	**217,761**
Recurring profit before tax	**205,289**	**220,292**
Non-recurring income and expense, net	**(17,044)**	**(6,877)**
Profit before tax and employee profit-sharing	**188,245**	**213,415**
Employee profit-sharing	(84)	(97)
Income tax benefit	10,121	2,606
PROFIT FOR THE PERIOD	**198,282**	**215,924**

The accompanying Notes are an integral part of these financial statements.

Statement of financial position

Assets

(in € thousands)	December 31, 2015	December 31, 2014
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,820,180	3,810,776
TOTAL NON-CURRENT ASSETS	**3,820,180**	**3,810,776**
Current assets		
Inventories	0	0
Receivables	13,087	42,916
Marketable securities	3,109	1,823
Cash	137	55
TOTAL CURRENT ASSETS	**16,333**	**44,794**
Accruals	**6,944**	**5,893**
TOTAL ASSETS	**3,843,457**	**3,861,463**

The accompanying Notes are an integral part of these financial statements.

Equity and liabilities

(in € thousands)	December 31, 2015	December 31, 2014
Equity		
Share capital	1,067,722	1,065,430
Additional paid-in capital, reserves and retained earnings	1,122,681	1,200,456
Profit for the period	198,282	215,924
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,388,685**	**2,481,810**
Provisions	**7,901**	**5,099**
Debt		
Other debt	1,434,350	1,319,981
TOTAL DEBT	**1,434,350**	**1,319,981**
Other liabilities	**12,521**	**54,573**
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**3,843,457**	**3,861,463**

The accompanying Notes are an integral part of these financial statements.

Statement of cash flows

	12 months ended December 31,	
(in € thousands)	**2015**	**2014**
Profit for the period	**198,282**	**215,924**
Adjustments for non-cash movements in assets and liabilities:		
Changes in depreciation, amortization and impairment of fixed assets	-	(40)
Amortization of deferred charges	2,354	2,074
Changes in provisions for contingencies and charges	2,802	678
Changes in untaxed provisions	-	-
Net (gain)/loss on sales of assets	-	-
Other non-cash items	(3,349)	(1,130)
CASH FLOW	**200,089**	**217,506**
Changes in operating assets and liabilities:		
Inventories	-	-
Trade and other receivables	29,829	(9,714)
Trade and other payables	(42,052)	21,094
Other operating assets and liabilities	(55)	(22)
NET CASH FROM OPERATING ACTIVITIES	**187,811**	**228,864**
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	1,722	(3,877)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract	15,411	(19,498)
Dividends paid to equity holders of Legrand	(293,129)	(279,254)
Increase (decrease) in borrowings, including intragroup loans and borrowings	88,268	73,802
NET CASH USED IN FINANCING ACTIVITIES	**(187,728)**	**(228,827)**
Increase (decrease) in cash and cash equivalents	**83**	**37**
Cash and cash equivalents at the beginning of the period	32	(5)
Cash and cash equivalents at the end of the period	**115**	**32**

The accompanying Notes are an integral part of these financial statements.

Notes to the financial statements

Detailed table of contents

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over 3 years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under “Excess tax amortization”.

1.3 INVESTMENTS

Investments correspond primarily to investments in subsidiaries and affiliates, which are stated at the lower of cost and fair value.

Fair value is determined by reference to Legrand’s equity in the investee’s revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 SHARE BUYBACKS AND LIQUIDITY CONTRACT

1.4.1 Accounting registration

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d’Urgence du Conseil National de la Comptabilité*), based on the purpose for which they were purchased.

- shares acquired specifically for allocation to employees are classified 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.

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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 income statement over the life of the debt.

1.9 BOND REDEMPTION PREMIUMS

The redemption premium reported in the statement of financial position corresponds to the 2010, 2011, 2012 and 2015 bond issues, described in note 8.1.2 below. It is amortized over the life of the issues.

1.10 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS IN FRANCE

The provisions recorded in the statement of financial position 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).

The related defined benefit obligation is calculated each year by the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds denominated in euros that have terms to maturity approximating the period to payment of the related benefit liability.

The liability recognized in the statement of financial position is the present value of the defined benefit obligation at the reporting date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed (or recognized in income) in full as incurred.

Actuarial gains and losses are always recognized directly in the income statement.

Employees in the higher pay brackets are also covered by a supplementary pension plan. The plan provides for the payment of defined benefits corresponding to the theoretical pension rights of the employees concerned on the portion of their salary that exceeds a certain level (the "tranche D" used to calculate graduated Social Security contributions, capped at an amount equivalent to four times the ceiling used for the calculation of Social Security benefits) assuming that they are still on the Company's payroll at retirement.

A provision is booked for the difference between the projected benefits payable to plan participants and the discounted present value of payments made to date.

1.11 PROVISIONS FOR STATUTORY AND DISCRETIONARY PROFIT-SHARING

Legrand's statutory profit-sharing agreement is an "*accord dérogatoire*". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on 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, Groupe Arnould, Cofrel, Sarlam, Ura, Planet-Wattohm, Distrasa, ICM Group, Intervox Systèmes, Legrand Cable Management and S2S.

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 CASH FLOW STATEMENT

In the cash flow statement, cash and cash equivalents include all cash equivalents and bank overdrafts (classified under debt) with an original maturity of less than three months.

NOTE 2 - ASSETS

2.1 INTANGIBLE ASSETS

December 31, 2015 (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, 2015 (in € thousands)	Gross value at beginning of period	Changes during the year	Gross value at end of period
Shares in subsidiaries and affiliates			
Legrand France SA	3,773,659	-	3,773,659
	3,773,659	**-**	**3,773,659**
Receivables from subsidiaries and affiliates			
Loan to Legrand France SA	0	26,101	26,101
	0	**26,101**	**26,101**
Other investments			
Treasury shares held for cancellation	18,352	(18,352)	0
Other treasury shares	1,054	2,186	3,240
Other long-term receivables	17,711	(531)	17,180
Deposits and guarantees	0	-	0
	37,117	**(16,697)**	**20,420**
Provisions for impairment			
Impairment of other treasury shares	0	-	0
	0	**0**	**0**
TOTAL INVESTMENTS, NET	**3,810,776**	**9,404**	**3,820,180**

For other treasury shares, changes during the year correspond to purchases net of sales for the period.

2.2.1 Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

2.2.2 Receivables from subsidiaries and affiliates

The current account balance of the Company with Legrand France SA as of December 31, 2015 amounts to €26,101 thousand. 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).

In 2015, the Company cancelled the 400,000 treasury shares held for that purpose as of December 31, 2014 in an amount of €18,352,056 (see note 6.1).

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, 2015, Legrand held 61,650 treasury shares (25,000 as of December 31, 2014) acquired under the liquidity contract at a cost of €3,240,075, which are recorded under "Treasury shares". No impairment was recognized on these shares at that date.

During 2015, transactions under the liquidity contract, led to a net cash outflow of €532,288 and corresponded to a net purchase of 36,650 shares.

Cash and short-term investments held in the liquidity account amounted to €17,179,852 as of December 31, 2015, 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, 2015 *(in € thousands)*	Cost	Maturity	
	Net value	Within one year	Beyond one year
Trade account receivables	1,834	1,834	
Prepaid and recoverable taxes	10,133	10,133	
Recoverable value-added tax	404	404	
Group relief receivables	716	716	
Other receivables	0	0	
TOTAL AT THE END OF THE PERIOD	**13,087**	**13,087**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**42,916**	**42,916**	**0**

NOTE 4 - MARKETABLE SECURITIES

In 2015 and 2014, this item exclusively comprised Legrand shares purchased for allocation to employees.

(in € thousands)	December 31, 2015			December 31, 2014
	Cost	Impairment	Net	Net
Performance share plans	2,986	0	2,986	1,700
Corporate mutual fund	123	0	123	123
TOTAL	**3,109**	**0**	**3,109**	**1,823**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €1.0 billion, are provided in the program description published on May 29, 2015.

During 2015, the Company acquired 810,000 shares, at a cost of €39,220,423.

A breakdown of shares held in treasury for allocation to employees is provided in note 6.1.

NOTE 5 - ACCRUALS

(in € thousands)	December 31, 2015	December 31, 2014
Prepaid expenses	151	95
Deferred charges	2,550	3,229
Bond redemption premium	4,243	2,569
TOTAL	**6,944**	**5,893**

NOTE 6 - EQUITY

6.1 SHARE CAPITAL

Share capital as of December 31, 2015, amounted to €1,067,722,408 represented by 266,930,602 ordinary shares with a par value of €4 each, for 266,930,602 voting rights.

As of December 31, 2015, the Company held 156,595 shares in treasury, versus 493,806 shares as of December 31, 2014, i.e., 337,211 less shares, following:

- the acquisition of 810,000 shares out of the liquidity contract (see note 4);
- the transfer of 783,861 shares to employees under performance share plans;
- the cancellation of 400,000 shares; and
- the net purchase of 36,650 shares under the liquidity contract (see note 2.2.3).

The 156,595 shares held in treasury by the Company as of December 31, 2015 are being held for the following purposes:

- 94,945 shares at a total cost of €3,108,749 available for:
  - allocation upon exercise of performance share plans (90,024 shares purchased at a cost of €2,986,118), and
  - allocation upon sale to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631);
- 61,650 shares are held under the liquidity contract at a total cost of €3,240,075 (see note 2.2.3).

Changes in share capital in 2015 were as follows:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2014	266,357,615	4	1,065,430,460	1,092,067,741
Exercise of options under 2007 plan	167,058	4	668,232	3,535,529
Exercise of options under 2008 plan	211,805	4	847,220	3,503,524
Exercise of options under 2009 plan	165,074	4	660,296	1,501,578
Exercise of options under 2010 plan	429,050	4	1,716,200	7,641,270
Cancellation of treasury shares	(400,000)	4	(1,600,000)	(16,752,056)
Repayment of paid-in-capital*	-	-	-	(45,030,719)
As of December 31, 2015	266,930,602	4	1,067,722,408	1,046,466,867

* *Portion of dividends distributed in June 2015 deducted from the premium account.*

On May 6, 2015, the Board of Directors decided to cancel 400,000 shares acquired under the share buyback program (shares bought back in June 2014). The €16,752,056 difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

In 2015, 972,987 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €20,073,849 (premium included).

6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2015	December 31, 2014
Before appropriation of profit		
Additional paid-in capital	1,046,467	1,092,067
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	106,543	97,600
Non-distributable reserves	2,877	2,877
Other reserves and retained earnings	0	41,118
TOTAL	**1,122,681**	**1,200,456**

Non-distributable reserves correspond to share buybacks.

6.3 CHANGES IN EQUITY

(in € thousands)	December 31, 2015
Equity at the beginning of the period after appropriation of profit	2,481,810
Movements for the year:	
■ Share capital	2,292
■ Additional paid-in capital	(570)
■ Reserves and retained earnings	0
■ Non-distributable reserves	0
■ Dividends paid*	(293,129)
■ Untaxed provisions and government grants	0
■ Profit for the period	198,282
■ Other	0
EQUITY AT THE END OF THE PERIOD BEFORE APPROPRIATION OF PROFIT	**2,388,685**

* *The dividend was distributed by deduction from:*
- *distributable earnings in an amount of €247,827 thousand representing €0.93 per share; and*
- *the premium account in an amount of €45,302 thousand representing €0.17 per share.*

The Annual Shareholders' Meeting held on May 29, 2015 approved the payment of a total dividend of €293,129 thousand representing €1.10 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 Performance share plans

6.4.1.1 2011 and 2012 performance share plans

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2011 Plan(1)	2012 Plan(1)
Date approved by shareholders	May 27, 2010	May 26, 2011
Grant date	March 3, 2011	March 7, 2012
Total number of performance share rights granted	1,592,712	987,910(2)
o/w to Executive Directors	*127,888*	*30,710*
■ *Gilles Schnepp*	*65,737*	*30,710*
■ *Olivier Bazil*	*62,151*	
End of vesting period	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of performance shares acquired as of December 31, 2015	(1,494,132)	(386,295)
Number of performance share rights cancelled or forfeited	(98,580)	(46,709)
PERFORMANCE SHARE RIGHTS OUTSTANDING AT THE END OF PERIOD	**0**	**554,906**

(1) All these plans were subject to performance conditions (see note 6 to the financial statements for the twelve months ended December 31, 2015).

(2) 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 performance share plan

The following performance share plan was also approved by the Company's Board of Directors:

	2015 Plan
Date approved by shareholders	May 24, 2013
Grant date	May 29, 2015
Total number of performance share rights initially granted	392,333*
o/w to Executive Directors	*23,943**
End of vesting period	June 17, 2019
End of lock-up period	June 17, 2019
Number of performance shares acquired as of December 31, 2015	0
Number of performance share rights cancelled or forfeited	3,062
PERFORMANCE SHARE RIGHTS OUTSTANDING AT THE END OF PERIOD	**389,271**

* *Given the dividend distribution features approved at the GeneralMeeting of Shareholders on May 29, 2015, the number of performance shares granted 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.*

The final number of shares ultimately granted to beneficiaries is determined based on one service condition and two performance conditions.

The two performance conditions presented below have been set to fully assess the Group's future collective achievements:

Nature of performance conditions	Description of performance conditions	Weighting of performance conditions in the total allocation
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in the 2015, 2016 and 2017 consolidated financial statements and the arithmetic average of EBITDA margins achieved by companies in the MSCI World Capital Goods index over the same period.	50% of the initial allocation
"Internal" performance condition	Arithmetic average of the level of normalized free cash flow as a percentage of sales, as published in the 2015, 2016, and 2017 consolidated financial statements, compared to target.	50% of the initial allocation

The number of shares ultimately granted to beneficiaries is calculated as follows:

	Minimum	Target	Maximum
"External" performance condition	■ Final allocation of 0% if the difference between the two averages is less than or equal to 4 points in the Company's favor.	■ Final allocation of 100% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 8.3 points in the Company's favor.	■ Final allocation of 150% of half of the number of shares initially granted under the plan if the difference between the two averages is equal to 10.5 or more points in the Company's favor.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 4 and 10.5 points		
"Internal" performance condition	**Minimum**	**Target**	**Maximum**
	■ Final allocation of 0% if the average normalized free cash flow as a percentage of sales is equal to 9.4% or less.	■ Final allocation of 100% of half of the number of shares initially granted under the plan if the average normalized free cash flow as a percentage of sales is equal to 12.8%.	■ Final allocation of 150% of half of the number of shares initially granted under the plan if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more.
	Straight-line calculation of the number of performance shares ultimately granted to beneficiaries between 9.4% and 14.5%.		

If all these shares from 2012 and 2015 plans were to vest (i.e., 944,177 shares), the Company's capital would be diluted by 0.4% as of December 31, 2015.

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	1,639,709[(1)]	2,017,639[(1)]	1,187,364[(1)]	3,259,853[(1)]
o/w to Executive Directors	*79,544*[(1)]	141,700[(1)]	*94,276*[(1)]	218,367[(1)]
■ *Gilles Schnepp*	*40,880*[(1)]	*72,824*[(1)]	*48,460*[(1)]	*134,796*[(1)]
■ *Olivier Bazil*	*38,664*[(1)]	*68,876*[(1)]	*45,816*[(1)]	*83,571*[(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	€25.12[(1)] Average closing price over the 20 trading days preceding the grant date	€20.51[(1)] Average closing price over the 20 trading days preceding the grant date	€13.08[(1)] Average closing price over the 20 trading days preceding the grant date	€21.75[(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, 2015	(1,171,955)	(1,332,705)	(744,334)	(1,606,378)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(236,589)
Stock options outstanding at end of period	**360,333**	**563,695**	**335,418**	**1,416,886**

(1) Given the dividend distribution features approved at the General Meeting of Shareholders on May 29, 2015, the number and exercise price of stock options was adjusted to take into account the impact of this transaction 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 of the financial statements for the twelve months ended December 31, 2015).

The weighted average market price of the Company stock upon exercises of stock options in 2015 was €50.70.

If all these options were to be exercised (*i.e.*, 2,676,332 options) the Company's capital would be diluted by at most 1.0% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2015.

NOTE 7 - PROVISIONS

December 31, 2015 *(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	1,956	214	(647)	1,523
Other	3,143	3,745	(510)	6,378
Provisions	**5,099**	**3,959**	**(1,157)**	**7,901**
Impairment on investments	0	0	0	0
Impairment on marketable securities	0	0	0	0
Provisions for impairment	**0**	**0**	**0**	**0**
TOTAL	**5,099**	**3,959**	**(1,157)**	**7,901**
Charges to and reversals from provisions recorded under the following income statement captions:				
■ operating income and expense		3,959	1,157	
■ financial income and expense		0	0	
■ non-recurring income and expense		0	0	
TOTAL		**3,959**	**1,157**	

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 statement of financial position and will be remeasured at each period-end until the transaction is settled.

For the 12 months ended December 31, 2015, an expense of €2,015 thousand was recognized in respect of these plans in operating income and expense in the 2015 financial statements. The corresponding liability amounted to €5,158 thousand as of December 31, 2015 (including payroll taxes).

NOTE 8 - DEBT AND OTHER LIABILITIES

December 31, 2015 *(in € thousands)*	Net value	Maturity: Due within one year	Maturity: Due in one to five years	Maturity: Due beyond five years
Bonds	1,434,328	34,328	700,000	700,000
Bank borrowings with original maturities:				
■ of less than one year	22	22		
■ of more than one year				
Other borrowings	0			
TOTAL DEBT	**1,434,350**	**34,350**	**700,000**	**700,000**
Trade payables	1,783	1,783		
Accrued taxes and employee benefit expense	4,344	4,344		
Other	6,394	6,394		
TOTAL OTHER LIABILITIES	**12,521**	**12,521**		
TOTAL AT THE END OF THE PERIOD	**1,446,871**	**46,871**	**700,000**	**700,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**1,374,554**	**88,677**	**885,877**	**400,000**

8.1 CREDIT FACILITIES

In October 2011, the Company signed an agreement with six banks to set up a €900 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility could be extended for two successive one-year periods.

In July 2014, the Company signed an agreement that 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, on more favorable terms than agreed in October 2011.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. The 2011 Credit Facility does not contain any covenants.

As of December 31, 2015, 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 DEBT

Other debt consists of the €6,393 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, 2015	December 31, 2014
Revenue transactions	66	26
Capital transactions	1,656	1,029
Provision reversals and expense transfers	19,170	27,312
TOTAL NON-RECURRING INCOME	**20,892**	**28,367**
Revenue transactions	(1)	(16)
Capital transactions	(37,935)	(35,228)
Amortization and provision expense	0	0
TOTAL NON-RECURRING EXPENSE	**(37,936)**	**(35,244)**
NON-RECURRING INCOME AND EXPENSE, NET	**(17,044)**	**(6,877)**

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 €1,653 thousand) and (ii) the transfer of performance shares to grantees under the plans (expense of €37,935 thousand).

The non-recurring provision reversals and expense transfers account includes, in addition to the provisions presented in note 7, income of €19,170 thousand from the rebilling of losses incurred or provided for at Company level following the transfer of performance shares to employees of the Group's different subsidiaries.

NOTE 10 - OTHER INFORMATION

10.1 INCOME TAXES

10.1.1 Unrecognized deferred tax assets and liabilities

(in € thousands)	Base: income (or expense)				Unrecognized deferred tax benefit (charge)*		
		Movements for the period					
	Jan. 1, 2015	Increase	Decrease	Dec. 31, 2015	Jan. 1, 2015	Change	Dec. 31, 2015
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	0				0		
Expenses recognized in the income statement that are deductible in future years							
■ Employee profit-sharing	(108)		3	(105)	37	(1)	36
■ Provisions for pensions and other post-retirement benefit costs	(1,948)	(213)	647	(1,514)	671	(150)	521
■ Other provisions	(2,596)	(1,664)	0	(4,260)	894	573	1,467
■ Taxes and other	(34)	(160)	5	(189)	12	53	65
TOTAL	**(4,686)**	**(2,037)**	**655**	**(6,068)**	**1,614**	**475**	**2,089**

* *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 2015. The 10.7% non-recurring tax applicable to companies generating over €250 million in annual revenue in 2015 was not taken into account in the deferred tax calculation.*

10.1.2 Group relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies, plus the tax on distributed earnings.

In 2015, Legrand recognized a net income tax benefit of €10,121 thousand (after deducting €5,173 thousand in tax on distributed earnings).

10.2 RELATED PARTY TRANSACTIONS

(in € thousands)	December 31, 2015		December 31, 2014	
	Related party transactions	Total in the financial statements	Related party transactions	Total in the financial statements
Investments	**3,779,760**	**3,820,180**	**3,773,659**	**3,810,776**
Inventories	**0**	**0**	**0**	**0**
Trade receivables	1,834	1,834	1,080	1,080
Other receivables	716	11,253	3,666	41,836
Receivables	**2,550**	**13,087**	**4,746**	**42,916**
Debt	0	1,434,350	185,877	1,319,981
Trade payables	50	1,783	(3)	1,684
Other liabilities	6,393	10,738	49,543	52,889
Liabilities	**6,443**	**1,446,871**	**235,417**	**1,374,554**
Financial expense	**723**	**45,563**	**1,498**	**45,882**
Financial income	**249,851**	**249,854**	**263,580**	**263,643**

10.3 EXPOSURE TO MARKET RISKS (INTEREST RATE, CURRENCY AND CREDIT RISKS)

10.3.1 Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. Any and all transactions involving financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks, and are therefore set up for limited periods and amounts.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2015, no hedges were in place at Company level.

10.3.2 Concentration of credit risks

Credit risks correspond to counterparty risks with financial institutions.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, bank deposits, short-term investments and hedging instruments. These assets are placed with various leading financial institutions and corporates with the aim of limiting exposure to any single counterparty. The related strategies are defined and monitored by the Corporate Finance Department, which tracks the credit default swap ratings and rates of the Group's counterparties on a regular basis.

10.3.3 Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing across a wide range of maturities. This principle forms the basis of the Group's financing strategy.

10.4 CONTINGENCIES AND COMMITMENTS

Financial commitments given by the Company as of December 31, 2015 and 2014 were as follows:

(in € thousands)	December 31, 2015	December 31, 2014
Guarantees	63	63
Mortgages and liens	0	0
TOTAL COMMITMENTS GIVEN	**63**	**63**

10.5 EMPLOYEES

	December 31, 2015	December 31, 2014
Average number of employees		
Management	27	27
Administrative staff	5	5
Apprentices	1	1
TOTAL	**33**	**33**

10.6 EXECUTIVE DIRECTOR COMPENSATION

Compensation paid to the Executive Director for 2015 amounted to €1,161 thousand (€1,339 thousand for 2014).

10.7 SUBSIDIARIES AND AFFILIATES

(in € thousands)	Share capital		Reserves and retained earnings	% interest	Carrying amount of the shares		Guarantees given	2015 revenue	2015 profit (loss)	Dividends received in 2015
	Currency	Euros			Cost	Net				
French companies										
Legrand France SA	EUR	54,913	1,107,713	100	3,773,659	3,773,659	63	814,982	402,387	249,851

NOTE 11 - SIGNIFICANT EVENTS OF THE YEAR

On December 9, 2015, the Company carried out a €300.0 million twelve-year bond issue as part of its dynamic debt management policy to guarantee financing for its continued growth.

NOTE 12 - SUBSEQUENT EVENTS

None.

APPENDIX 2

Management report of the Board of Directors on March 17, 2016 to the Annual General Meeting scheduled on May 27, 2016

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2015

1.1 Highlights of the year

To fund its growth, in the framework of dynamic debt management, the Company on December 9, 2015 launched a bond issue for a total amount of €300 million over 12 years. The maturity date is December 16, 2027 and the coupon fixed at 1,875% per year.

1.2 Revenues and earnings in 2015

Revenues amounted to €19.7 million, for providing services within the Group.

Other operating income amounted to €4.1 million in the year to December 31, 2015.

Operating expense amounted to €22.8 million in the year to December 31, 2015, compared with €21.9 million in the year to December 31, 2014.

At December 31, 2015, operating profit was €1.0 million, compared with €2.5 million in the year to December 31, 2014.

Net interest and other financial items for 2015 represented income amounting to €204.3 million, compared with €217.8 million in the year to December 31, 2014. This variation resulted primarily from a €13.7 million fall in dividend received.

Net exceptional items represented a loss of €17.1 million at December 31, 2015, compared with a loss of €6.9 million in the year to December 31, 2014. This variation in net exceptional items resulted mainly from the accounting recognition of buyback of shares in the context of performance share allocation plans benefiting employees based outside France.

Tax income booked in an amount of €10.1 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, 2015 amounted to €198.3 million.

1.3 Debt

The Company's debt position is summarized in appendix 1.

The Company's debt increased slightly in 2015 compared to 2014, following the launching of a bond issue on December 9, 2015 for an amount of €300 million.

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 2015 in respect of the 2014 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 SINCE THE CLOSE OF THE FINANCIAL YEAR

As mentioned in the 2015 registration document, page 185, Mr Gilles Schnepp made the decision to renounce to a part of the shares allotted during the 2015 financial year, which decision had been noted by the Board of Directors on March, 17th 2016.

6 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2016 as in 2015.

7 - APPROPRIATION OF EARNINGS

We propose that the Company's earnings of €198,282,021.10 in respect of the financial year to December 31, 2015 be appropriated as follows:

- €229,194.80 of this net profit would be appropriated to the legal reserve;

- therefore, without any retained earnings, the amount available for distribution would be of €198,052,826.30;
- €3,471,334.59 would be appropriated to reserves not available for distribution for treasury shares;
- the amount available for distribution would be of €194,581,491.71.

We propose to distribute a dividend amounting to €1.15 per share, for a total of €306,790,108.05, based on the number of shares making up the capital stock at December 31, 2015, minus the treasury shares held by the Company at that date. It may be noted that the share of the amount thus distributed exceeding the amount of distributable income shall be deducted from the "issue premium" account.

In the event of a change before the ex-dividend date in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly.

No dividends would be due on any shares held by the Company itself or cancelled before the payment date.

In terms of taxation schemes applicable to individual shareholders residing in France, the applicable rules with respect to the distribution of an amount of €1.15 per share are the following:

- in the amount of €0.72(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. 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 2016 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 €0.43(1), the distribution would be deducted from the "issue premium" account and 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 €0.43 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.

8 - EARNINGS OVER THE PAST FIVE YEARS

In accordance with Article R. 225-102 of the French Commercial Code, we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (appendix 2).

9 - DIVIDENDS

In accordance with the provisions of Article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

Dividends distributed in respect of 2012, 2013 and 2014 financial years were as follows:

			Earnings distributed per share	
Financial year	**Shares with dividend entitlement**	**Net dividend per share**	**Eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code**	**Not eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code**
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0

* *A fraction of €0.17 of the dividend distributed with regard to the 2014 financial year, having the fiscal form of repayment of paid in capital, within the meaning of Article 112 1°) of the French Tax Code, the amount of which is not considered as distributed income for tax purposes.*

(1) *Indicative split released for informative purposes only and likely to be amended, depending on the change in number of shares entitling their holders to the distribution by the payment date.*

10 - NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for financial year 2015, excluding items carried over from prior years, came to €33,645, including €11,433 related to the tax on corporate vehicles (*Taxe sur les Véhicules de Tourisme et Société*) and €22,212 related to rental income and vehicle depreciation and the corresponding tax in an amount of €11,584.

11 - MANDATES AND OTHER FUNCTIONS EXERCISED BY EACH DIRECTOR

This information is provided in appendix 3.

12 - MANAGEMENT

At December 31, 2015, Gilles Schnepp held the position of Chairman and Chief Executive Officer.

13 - SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS OR CONTROL

For subsidiaries and equity interests, an organizational chart and a description of their business are given in paragraphs 9.1.6 and 9.1.7 of the Company's Registration Document, which also describes their business.

As a result of the acquisitions of the Raritan and IME groups, the Company Legrand SA took the indirect control of the following French companies: Raritan Computer France SARL and Imesys SAS.

14 - 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.

It may be noted that, as from February 24, 2006, fully paid-up shares registered in the name of the same shareholder for at least two years carried double voting rights, in proportion to the percentage of the Company's share capital they represented.

On May 29, 2015, the Special Meeting of Shareholders holding double voting rights and the Annual Combined General Meeting of Shareholders decided to cancel these double voting rights.

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, 2015, Group employees held a total of 582,190 shares in the "*Actions Legrand*" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.22% of the Company's capital and of its voting rights.

At December 31, 2015, Group employees held a total of 2,658,695 shares in application of Article L. 225-197-1 of the French Commercial Code. These shares represented 1% of the Company's capital and of its voting rights.

15 - COMPENSATION OF EXECUTIVE DIRECTORS

Information on compensation of Executive Directors is presented in paragraph 6.2.2 of the Company's Registration Document.

16 - INGREDIENTS OF PAY DUE OR ATTRIBUTED IN RESPECT OF THE FINANCIAL YEAR ENDED DECEMBER 31, 2015 TO MR. GILLES SCHNEPP, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SUBJECT TO SHAREHOLDERS' OPINION

Information on the ingredients of pay due or attributed in respect of the 2015 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.

17 - 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 (*Code de commerce*), special reports on this subject will be presented to the General Meeting of Shareholders on May 27, 2016.

The terms of dividend payment decided upon by the Combined Shareholders Meeting on May 29, 2015 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 €1.10 per share in respect of the 2014 financial year, with (i) €0.93 per share coming from distributable income and (ii) €0.17 from the "issue premiums" account, the latter payment being considered as a repayment of paid-in capital and representing around 0.33% of the share price on the ex-coupon date, the following adjustments were made:

- for share options, the number of shares was increased by 0.33% and the exercise price lowered by 0.33%;
- for performance shares and performance units, the number of securities was increased by 0.33%.

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: €25.12
- 2008 plan: €20.51
- 2009 plan: €13.08
- 2010 plan: €21.75

The number of share options was increased by 10,488, from 2,967,752 to 2,978,240. The number of performance shares was increased by 3,743, from 949,949 to 953,692.

18 - AGREEMENTS ENTERED INTO BETWEEN COMPANY EXECUTIVE DIRECTORS OR SIGNIFICANT SHAREHOLDERS AND COMPANY SUBSIDIARIES

As stated in paragraph 6.1 of the Company's Registration Document, none of the members of the Company's Board of Directors are engaged in any business relationships with the Company or its subsidiaries, with the sole exception of Mr. Dongsheng Li. As far as the latter is concerned, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, resulting from Legrand's acquisition of two TCL group companies in 2005 and 2008. In 2015, trademark royalties levied pursuant to this contract represented, around 1/2 per mil of both groups' sales the financial stakes involved therefore being insignificant.

19 - DELEGATION IN CONNECTION WITH CAPITAL INCREASES

This information is presented in paragraph 9.2.1.1 of the Company's Registration Document.

20 - AUTHORIZATION OF GUARANTEES, ENDORSEMENTS AND BONDS

At its meeting on March 17, 2016, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chairman and Chief Executive Officer to grant guarantees, endorsements and 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.

21 - SHARE BUYBACKS

In the course of 2015, the Company purchased a total of 2,036,904 shares at a total cost of €101,829,710 and sold 2,000,254 shares for a total of €101,297,424, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) and were approved by the French Financial Markets Authority (*Autorité des Marchés Financiers*) in its decision of March 22, 2005.

The average purchase price was €49.99 per share and the average sale price was €50.64 per share. There were no trading costs associated with these transactions.

At December 31, 2015, the balance on the liquidity contract stood at 61,650 shares.

Outside the scope of the liquidity contract, the Company bought back 810,000 shares for a total of €39,220,423, with trading costs amounting to €112,416 (including the amount of financial tax). Out of this total of 810,000 shares, the Company transferred 783,861 shares to employees under performance share plans. It also cancelled 400,000 shares.

At December 31, 2015, the Company held 156,595 shares with a nominal value of €4 each, for a total of €626,380 or 0.06% of capital stock. Valued at cost at the time of purchase, these shares totalled €6,348,824.

Outside the scope of the liquidity contract, at December 31, 2015 the Company held 94,945 shares, representing a total value at cost of €3,108,748. These shares were appropriated as follows:

- 90,024 shares with an acquisition cost of €2,986,117, representing 0.03% of the Company's capital and a nominal value of €360,096, were appropriated for implementation of such performance share plans as necessary;
- 4,921 shares with an acquisition cost of €122,631, representing 0.002% of the Company's capital and a nominal value of €19,684, were appropriated to a Company investment fund (FCPE) in connection with employee profit sharing.

22 - TRANSACTIONS BY COMPANY EXECUTIVE DIRECTORS AND SIMILAR PERSONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Transactions reported by the Company's Executive Directors and similar persons to the French Financial Markets Authority during financial year 2015 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Antoine Burel	Sale	Shares	1	+464,606
			1	+429,506
Angeles Garcia-Poveda	Purchase	Shares	1	-71,932
Eliane Rouyer-Chevalier	Purchase	Shares	1	-17,082
			1	-24,542
Gilles Schnepp	Exercise of options	Options	3	-3,154,383
Patrice Soudan	Sale	Shares	1	+560,000

23 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

Ownership of capital	**The ownership of Legrand shares is presented in paragraph 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	Company shares are freely negotiable and are transferred from account to account in accordance with applicable law and regulation. Within the limits of applicable law and regulation, until May 29, 2015, each shareholder was entitled to as many votes as the number of shares he, she or it owned or held proxies for. Under Article 12.4 of the Company's articles of association, however, fully paid-up shares registered in the name of the same shareholder for at least two years carried double voting rights, in proportion to the percentage of share capital they represented. In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right was attached, on issue, to registered shares allocated free of charge in this respect to the holders of shares to which this right was already attached. Any shares converted from registered to bearer form, or transferred to another owner, ceased to carry double voting rights. However, if the transfer of ownership resulted from succession, dissolution of the joint property of spouses, or a gift to a spouse or person in line of succession, the double voting rights did not lapse and there was no interruption in the required period of two years. The merger or division of the Company had no effect on double voting rights, which might be exercised within the successor company or companies provided this was allowable under the articles of the successor company or companies. On May 29, 2015, the Special Meeting of Shareholders holding double voting rights and the Annual Combined General Meeting of Shareholders decided to cancel these double voting rights, so that from this date, within the limits of applicable law and regulation, each shareholder was entitled to as many votes as the number of shares he, she or it owned or held proxies for.
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 2015 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 investment fund "Actions Legrand," the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.

Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil.
Appointment and replacement of members of the Board of Directors and amendment of the Company's articles of association	In accordance with its articles of association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. 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). 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 Director and members of the Board of Directors.

24 - DUE DATES OF ACCOUNTS PAYABLE

In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of trade payables by due date:

(in thousands of euros)

Due dates (D = invoice date)	< D+60 days	> 60 days	No due date[1] if applicable	Total trade accounts payable
Trade payables at December 31, 2015	361	0	1,421	1,782
Trade payables at December 31, 2014	134	0	1,550	1,684

(1) Includes invoices that have not yet reached the Company.

25 - APPOINTMENT OF STATUTORY AUDITORS

Information on renewal of appointment of acting and replacement Statutory Auditors is given in chapter 9.4.2 of the Company's Registration Document.

March 17, 2016

The Board of Directors

Appendix 1 to the Management Report

Legrand SA

Debt position *(in million of euros)*	12/31/2015	12/31/2014
EXTERNAL DEBT		
Debt		
Bonds	1,400.0	1,100.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL EXTERNAL DEBT	**1,400.0**	**1,100.0**
Accrued interest	34.3	34.1
Finance costs		
Bonds	44.0	43.8
Bank borrowings	-	-
Credit Facility	-	-
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**44.0**	**43.8**
%	*3.1%*	*4.0%*
INTRA-GROUP DEBT		
Debt		
Advance from Legrand France	-	185.9
Finance costs		
Advance from Legrand France	0.7	1.5
%		*0.8%*
TOTAL DEBT	**1,434.3**	**1,320.0**
Equity	2,388.7	2,481.8
DEBT-TO-EQUITY RATIO	**60%**	**53%**

Appendix 2 to the Management Report

Five-years financial summary

(in € thousands)	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Capital at December 31					
Share capital	1,053,556	1,057,500	1,062,362	1,065,430	1,067,722
Number of common shares	263,388,995	264,374,875	265,590,517	266,357,615	266,930,602
Total shares outstanding	263,388,995	264,374,875	265,590,517	266,357,615	266,930,602
*Of which, treasury stock**	*560,536*	*151,584*	*170,527*	*493,806*	*156,595*
Results of operations					
Net revenue	17,300	18,475	22,821	18,453	19,728
Profit before tax, employee profit-sharing, amortization and provisions	76,219	70,067	207,488	216,126	193,401
Income tax benefit (expense)	12,605	14,025	7,381	2,606	10,121
Employee profit-sharing	(179)	(76)	(79)	(97)	(84)
Net profit	92,476	86,732	211,074	215,924	198,282
Total dividend	231,362	245,008	265,131	279,254	293,129
Per share data					
Earnings per share after tax, employee profit-sharing but before amortization and provisions	0.34	0.32	0.81	0.82	0.76
Earnings per share	0.35	0.33	0.79	0.81	0.74
Dividend per share	0.88	0.93	1.00	1.05	1.10
Employee data					
Average number of employees at December 31	41	36	34	33	33
Total payroll	5,618	5,212	5,511	5,792	6,786
Total benefits	3,051	5,581	9,952	5,624	4,157

* *No dividend entitlement or voting rights can be attached to own shares held by the Company.*

Appendix 3 to the Management Report

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
GILLES SCHNEPP – Chairman and Chief Executive Officer of Legrand* (since 2006) Age 57 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(1) - 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.
OLIVIER BAZIL – Company Director Age 69 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Olivier Bazil graduated from the École des Hautes Études Commerciales (HEC) and holds an MBA (Master of Business Administration) from Harvard Business School. **Professional Background** Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand Group in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011. Olivier Bazil also holds the following positions: Member of the Supervisory Boards of Michelin*, Vallourec* and Société Civile du Château Palmer, Chairman of Fritz SAS, and Director of Firmenich International SA. Olivier Bazil holds 2,009,085 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): - Member of the Nominating and Governance Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (since 2013) ■ Member of the Supervisory Board of Vallourec* (since 2012) ■ Chairman of Fritz SAS (since 2009) ■ Member of the Supervisory Board of Société Civile du Château Palmer (since 2009) ■ Director of Firmenich International SA (since 2008)	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* (until May 2011) ■ Mandates in various Group subsidiaries **Outside the Legrand Group** ■ Nil.

* *Listed company.*

(1) *No compensation in the form of attendance fees or similar is paid or due in respect of executive appointments held in Legrand or in Group subsidiaries.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
CHRISTEL BORIES – Companies Director Age 51 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Christel Bories graduated from the École des Hautes Études Commerciales (HEC). **Professional Background** Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Groupe Pechiney. Following Pechiney's integration into the Alcan Group, Christel Bories was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairman and Chief Executive Officer of Alcan Engineered Products and finally Chief Executive Officer of Constellium (ex Alcan), which she left in December 2011. Christel Bories was appointed Deputy Chief Executive Officer of Ipsen* on February 27, 2013, a position she held until March 2016. Ms. Bories also serves on the Board of Directors of Smurfit Kappa*. Christel Bories holds 1,470 Legrand shares	**Legrand Group** ■ Director of Legrand* (since 2012) - Chairman of the Strategy and Social - Responsibility Committee - Member of the Audit Committee **Outside the Legrand Group** ■ Director of Smurfit Kappa* (since 2012)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ 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) ■ Chairman and Chief Executive Officer of Alcan Engineered Products (until December 2010) ■ Chairman of the European Aluminium Association (EAA) (until 2010)
ANGELES GARCIA-POVEDA – EMEA Co-Managing Director of Spencer Stuart Age 45 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** ■ Association Dialogo France: - Director	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.

* *Listed company.*

Director	Other 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 79 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** François Grappotte is a graduate of the Institut d'Études Politiques de Paris and former student of the École Nationale d'Administration (ENA); he also holds a law degree and graduate degrees in political economy and economic and financial sciences from the Faculty of Law in Paris. **Professional Background** François Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until 2006. François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the Banque de France. François Grappotte holds 1,616,000 Legrand shares	**Legrand Group** ■ Director and Honorary Chairman of the Legrand* Board of Directors (since 2002) **Outside the Legrand Group** ■ Nil.	**Legrand Group** Nil. **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (until May 2013) ■ Director of BNP Paribas* (until May 2011)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
GERARD LAMARCHE – Managing Director of the Bruxelles Lambert Group* (GBL) (since January 2012) Age 54 A Belgian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Gérard Lamarche holds a degree in Economics from the University of Louvain-la-Neuve and Management Institute of the INSEAD (Advanced Management Program for Suez Group Executives). He also took part in Wharton International Forum training in 1998-1999 (Global Leadership Series). **Professional Background** Gérard Lamarche began his career in 1983 at Deloitte Haskins & Sells in Belgium, and subsequently worked as an M&A consultant in the Netherlands in 1987. In 1988, Gérard Lamarche joined Société Générale in Belgium as an investment manager. He then worked as a management controller from 1989 to 1991, and advised on strategic operations from 1992 to 1995. Gérard Lamarche joined Compagnie Financière de Suez as Chargé de mission with the Chairman and Secretary of the Executive Committee (1995-1997), before being appointed Deputy Manager in charge of Planning, Control and Accounting. In 2000, Gérard Lamarche's career took an industrial turn, and he joined NALCO (US subsidiary of the Suez Group – a world leader in industrial water processing) as Director and Managing Director. In March 2004, he was appointed Chief Financial Officer of the Suez Group. Gérard Lamarche was appointed to the Board of Directors of the Bruxelles Lambert Group* (GBL) in April 2011. He has held the post of Managing Director since January 2012. Gérard Lamarche also holds the following positions: Director of Lafarge*, Total*, SGS *, and LafargeHolcim*. Gerard Lamarche holds 4,000 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2006): - Member of the Audit Committee - Member of the Compensation Committee **Outside the Legrand Group** ■ Director of LafargeHolcim* (Switzerland) (since 2015) ■ Director of SGS* (Switzerland) (since 2013) ■ Director of Total* (since 2012) ■ Director of Lafarge* (since 2012) ■ Director of the Bruxelles Lambert Group* (Belgium) (since 2011)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Censor of ENGIE*(until 2015) ■ Director of Electrabel (until December 2011) ■ Director of Suez Environnement Company (until December 2011) ■ Director of International Power Plc (until December 2011) ■ Director of Europalia International (until November 2011) ■ Director of GDF Suez Belgium (until October 2011) ■ Director of Aguas de Barcelona (until June 2011) ■ Director of GDF Suez Energy Services (until June 2011) ■ Director of Suez-Tractebel (until January 2011) ■ Director of Fortis Banque (until July 2010)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
THIERRY DE LA TOUR D'ARTAISE – Chairman of the Board of Directors and Chief Executive Officer of SEB SA* (since 2000) Age 61 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Thierry de La Tour d'Artaise is a graduate of the ESCP business school and a chartered accountant. **Professional Background** Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris, where he held the position of Audit Manager. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85), and finally as Chief Executive Officer of Croisières Paquet (1986-93). Thierry de La Tour d'Artaise became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and Chief Executive Officer of the Group, becoming Chairman and Chief Executive Officer in 2000. Thierry de La Tour d'Artaise also holds the following positions: within the SEB Group, Director of Zhejiang SUPOR* (China), Chairman of SEB Internationale (SAS) and, outside the SEB Group, Permanent Representative of Sofinaction, Director of La Lyonnaise de Banque. Thierry De La Tour d'Artaise holds 1,250 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2006): - Member of the Nominating and Governance Committee **Outside the Legrand Group** ■ SEB: - Director of Zhejiang SUPOR* (China) (since 2008) - Chairman of SEB Internationale (SAS) (since 2000) ■ Other: - Permanent representative of Sofinaction, Director of La Lyonnaise de Banque (since 2001)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Director of Club Mediterranée (until April 2015) ■ Director of Plastic Omnium* (until October 2012)

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
DONGSHENG LI – Chairman and Chief Executive Officer and founder of TCL Corporation* Age 58 A Chinese national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** In 1982, Dongsheng Li graduated from the Department of Radio Technology at South China University. **Professional Background** As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress. Dongsheng Li holds several prestigious positions, including: Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce. In China, Dongsheng Li was named "Man of the year in the Chinese Economy" in 2002 and 2004. In 2009, Dongsheng Li was awarded "Economic Leader of the Decade" by the Chinese business channel CCTV. In the international arena, in 2004, Dongsheng Li was selected as "Asia Businessman of the Year" by Fortune Magazine and one of the "Top 25 Global Business Leaders" by Time Magazine and CNN. Moreover, Dongsheng Li received the Officier de la Légion d'Honneur (French national honor) from President Jacques Chirac in the same year. In 2013, Dongsheng Li was deservedly selected as one of the "2013 Best Chief Executive Officers of Listed Companies in China" by Forbes magazine. Dongsheng Li also holds the following positions: Chairman of Hong Kong listed companies TCL Multimedia Technology Holdings Limited* and TCL Communication Technology Holdings Limited*, as well as being an Independent Director of Tencent*. Dongsheng Li holds 1,000 Legrand shares	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ TCL: - Chairman of TCL Multimedia Technology Holdings Ltd* (since 2007) - Chairman of TCL Communication Technology Holdings Limited* (since 2004) ■ Other: - Director of Tencent* (since 2004)	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.
ANNALISA LOUSTAU ELIA – Chief Marketing Officer of Printemps and member of its Executive Committee (since 2008) Age 50 A Italian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Annalisa Loustau Elia graduated in law from La Sapienza University in Rome. **Professional Background** Annalisa Loustau Elia worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Product Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the Paris and Rome offices. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury, retail and consumer goods sectors. Annalisa Loustau Elia is Chief Marketing Officer of Printemps and has been a member of its Executive Committee since 2008. Annalisa Loustau Elia holds 750 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand * (since 2013): - Member of the Compensation Committee **Outside the Legrand Group** ■ Nil.	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Nil.

* *Listed company.*

Director	Other appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
ÉLIANE ROUYER-CHEVALIER – Companies Director Age 63 A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Éliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. **Professional Background** Éliane Rouyer-Chevalier joined Accor in 1983, taking responsibility for international financing and cash currency management before becoming Director of Investor Relations and Financial Communication in 1992. From 2010 to 2012, she was a member of the Executive Committee of Edenred, a company created when the Accor Group was split up, as Vice President, Corporate and Financial Communications & Social Responsibility. She has been President of ERC Consulting since 2013. Éliane Rouyer-Chevalier chaired the French Association for Investor Relations (CLIFF) from 2004 to 2014 and is Vice-President of the Observatoire de la Communication Financière. She has been a Director of the French Institute of Tourism since 2013 and of the Federation of Individual Investors and Investment Clubs (F2IC) since 2014. She is a Director and member of the Advisory board of Yump, an organization which supports young individuals from the suburbs in starting their own business. Since 2015, she is also a Director of the Cercle de la Compliance. Éliane Rouyer-Chevalier holds 1,350 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2011): - Member of the Audit Committee **Outside the Legrand Group** ■ Chairman of ERC Consulting (since 2013) **Outside the Legrand Group-outside companies** ■ Director of the Cercle de la Compliance (since 2015) ■ Vice-President of the Observatoire de la Communication Financière ■ Director of the French Institute of Tourism (since 2013) ■ Director of the F2IC (since 2014) ■ Director and member of the Advisory board of Yump	**Legrand Group** ■ Nil. **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred* (until 2012) ■ Chairman of the Observatoire de la Communication Financière ■ Chairman of CLIFF (until 2014)

* *Listed company.*

APPENDIX 3

Statutory Auditors' report on the financial statements Year ended December 31, 2015

Year ended December 31, 2015

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2015 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, 2015 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 purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine, March 17, 2016

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard Sattler	Jean-Marc Lumet

APPENDIX 4

Board of Directors Report

Presentation of the Agenda for the Combined Ordinary and Extraordinary General Meeting of May 27, 2016

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 27, 2016. 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 within the scope of Article L. 225-38 of French Commercial Code was entered into during the financial year ended December 31, 2015. You may consult the special auditors' report on agreements and commitments entered into between the Company and the members of its Board of Directors (please refer to section 7.4.2 of the Registration Document).

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2016 to consider the following agenda:

I - RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2015 (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, 2015 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2015:

- the Company's financial statements show a net profit of €198.3 million;
- the Company's consolidated financial statements show a net profit of €550.6 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, 2015 amounts to €198,282,021.10;
- €229,194.80 of this net profit would be appropriated to the legal reserve;
- therefore, without any retained earnings, the amount available for distribution would be of €198,052,826.30;
- €3,471,334.59 would be appropriated to reserves not available for distribution for treasury shares;
- the amount available for distribution would be of €194,581,491.71.

Your Board has therefore proposed that you distribute a dividend amounting to €1.15 per share, for a total of €306,790,108.05, based on the number of shares making up the capital stock at December 31, 2015, 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 available for distribution, *i.e.* €112,208,616.34, shall be deducted from the "issue premium" account.

In the event of a change before the ex-dividend date in the number of shares entitling holders to a dividend, 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 applicable rules with respect to the distribution of an amount per share of €1.15 per share are the following:

- in the amount of €0.72* 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. 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 2016 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

* *This indicative split is released for information purposes only and may vary, depending on the change in number of shares entitling their holders to the distribution by the payment date.*

€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 €0.43*, the distribution would be deducted from the "issue premium" account and would be considered as a repayment of paid-in capital within the meaning of Article 112-1 of the French tax code; it would however reduce the fiscal share price by the amount of €0.43 per share.

The tax-related items of information presented here are those applicable at the time of drafting this report. In the event of a significant change in the relative portions per share of the amount considered as taxable income subject to sliding-scale income tax and the amount considered as repayment of paid-in capital, for instance due to a change in the number of treasury shares held at the ex-dividend date, additional information will be issued by the Company. As a general rule, shareholders are invited to consult their usual advisers as to applicable taxation schemes.

If this resolution is adopted, the ex-dividend date on Euronext Paris would be May 31, 2016, and the dividend would be paid to shareholders on June 2, 2016.

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, 2015 (4th resolution)

In line with the recommendations of the Afep-Medef Code of Corporate Governance, to which the Company makes reference pursuant to Article L225-37 of the French Commercial Code (*Code de commerce*), the compensation components due or allocated to the Executive Director in respect of financial year 2015 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 financial year 2015 to Mr. Gilles Schnepp, Chairman and Chief Executive Officer.

Compensation components due or allocated in respect of financial year 2015 to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted to shareholders' opinion

Compensation components due or allocated for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date.
Annual bonus	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2015 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 fixed annual compensation (with a target value set at 60%) depending on a quantitative portion 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) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2014-2018 sustainable development road map; and ■ from 0% to 30% of fixed annual compensation (with a target value set at 20%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the acquisition strategy (adherence to set priorities, emphasis on multiples, consolidation/development of acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. Based on the work and proposals of the Compensation Committee, the Board, at its meeting on March 17, 2016, set: ■ the amount of the variable portion of the 2015 compensation due in respect of meeting quantitative targets at 72.9% of annual fixed compensation; and ■ the amount of the variable portion of the 2015 compensation due in respect of meeting qualitative targets at 28% of annual fixed compensation; corresponding to a rate of achievement of 84.1% of the maximum annual bonus and 126.1% of the target, i.e. €630,625. Details of the rate of achievement of the quantitative and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document. However, it should be noted that the amount of variable compensation due to Mr. Gilles Schnepp in respect of the 2015 financial year is, in fact, the same as the amount due in respect of the 2014 financial year, as Mr. Gilles Schnepp decided of his own accord to waive the benefit of part of his variable compensation in respect of 2015 so as to keep it at the same level as 2014, i.e. €535,000.

* *This indicative split is released for information purposes only and may vary, depending on the change in number of shares entitling their holders to the distribution by the payment date.*

Compensation components due or allocated for the year just ended	Amounts or accounting valuation submitted for vote	Details
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long term incentive	Not applicable	There was no grant during the 2015 financial year.
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional bonus.
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the 2015 financial year.
	Performance shares: Valued at €640,909	On a recommendation from the Compensation Committee, the Board of Directors on May 29, 2015 decided to set up a 2015 Performance Share Plan. This plan is described (especially the performance conditions applicable to the allocation of shares) in sections 6.2.1.1 and 6.2.2.1 of the Company's Registration Document, on pages 178-179 and 184, and in chapter 7.3 of the Company's Registration Document, on page 197. The allocation benefiting Mr. Gilles Schnepp in respect of this plan amounted to 3.75% of the overall allocation*. The Board of Directors took its decision on May 29, 2015 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 long-term compensation components: Not applicable	There was no grant during the 2015 financial year.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees in respect of his duties 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 29,2015, 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 2015 financial year, as recognized by the Board of Directors at its meeting on March 17, 2016 (for details please refer to table 6, "Free shares allocated during the year by the General Meeting of Shareholders to the Executive Director by the Company and by any Group company", on page 185 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 plans	Not applicable	In 2015, Mr. Gilles Schnepp unilaterally and finally waived the benefit of any supplementary pension plan.

Summary table of criteria for determining the Executive Director's 2015 annual bonus

Mr. Gilles Schnepp's annual bonus in respect of financial year 2015 was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantitative 75% 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%	**52.6%**
			Indicator value	614	707	800	766
	Organic growth	Organic revenue growth as a % of sales	As a % of fixed compensation	0%	**8%**	12%	**10%**
			Indicator value	(3)%	(1)%	+2%	0.5%
	Acquisitions	2015 revenue growth by scope of consolidation	As a % of fixed compensation	0%	**4%**	6%	**1.2%**
			Indicator value	0%	5%	10%	1.5%
	Corporate Social Responsibility (CSR)	Average rate of achievement of 2015 intermediate targets for the 21 priorities in the 2014-2018 CSR roadmap	As a % of fixed compensation	0%	**8%**	12%	**9.1%**
			Indicator value	70%	100%	130%	108%*
	QUANTITATIVE TOTAL			**0%**	**60%**	**90%**	**72.9%**
Qualitative 25% 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, consolidation/development of acquisitions already made		0%	**8%**	12%	**10%**
	General criteria	Risk management, labour issues, succession plans		0%	**4%**	6%	**6%**
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**28%**
VARIABLE TOTAL IN RELATION TO FIXED COMPENSATION				**0%**	**80%**	**120%**	**100.9%**

* *It may be noted that in 2015, as in 2014, although some intermediate targets were reached with a level of outperformance beyond 130% (for details please refer to chapter 4 of the Company's Registration Document) the rate of achievement of these intermediate targets was capped at a maximum of 130% for the purpose of calculating Mr. Gilles Schnepp's variable compensation. Consequently, the rate of achievement of the CSR roadmap used for this calculation and indicated in the table above (108%) is below the actual rate of achievement of CSR roadmap targets (120%) stated in chapter 4 of the Company's Registration Document.*

For more information about Company policy on the compensation and benefits of the Executive Director, please refer to section 6.2 of the Company's Registration Document.

Directors' terms of office (resolutions 5 to 8)

Renewal of Directors' terms of office of Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Thierry de La Tour d'Artaise (resolutions 5 to 7)

The Director's terms of office of Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Mr. Gérard Lamarche and Mr. Thierry de la Tour d'Artaise are expiring at the end of today's General Meeting. Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Thierry de la Tour d'Artaise have expressed their intention to apply for renewal of their terms of office. Mr. Gérard Lamarche, meanwhile, who has been a Director of the Company since 2006, did not request renewal of his terms as Director and Committee member.

Ms. Christel Bories has been a member of the Company's Board since 2012; she is the Chairwoman of the Strategy and Social Responsibility Committee and a member of the Audit Committee, providing the Company with the benefit of her previous experience in senior management with several manufacturing companies and her strategic expertise.

Ms. Angeles Garcia-Poveda has also been a member of the Company's Board since 2012; she is Lead Director, Chairwoman of the Nominating and Governance Committee, Chairwoman 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.

Mr. Thierry de La Tour d'Artaise has been a member of the Company's Board since 2006 and is a member of the Nominating and Governance Committee. His experience of Board membership provides him with in-depth knowledge of the Company, its business sector and the challenges facing it. As a current or former member of various Boards of Directors of major businesses and at the head of a large industrial manufacturer, he brings this extensive experience to the Company's Board and its Nominating and Governance Committee.

The Nominating and Governance Committee and the Board of Directors are both favourable to the renewal of the terms as Directors and Committee members of Ms. Christel Bories and Mr. Thierry de La Tour d'Artaise, and to the renewal of the terms as Director, Committee member and Lead Director of Ms. Angeles Garcia-Poveda. Recognizing that the varied and extensive skills of these Directors are a major asset to the Company, the Nominating and Governance Committee and the Board of Directors also point out that Legrand 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 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 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 17, 2016, 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 either Ms. Christel Bories, Ms. Angeles Garcia-Poveda or Mr. Thierry de La Tour d'Artaise and Legrand, and that (ii) Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Thierry de La Tour d'Artaise may be considered independent directors.

Summary biographies of Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Thierry de la Tour d'Artaise are given below.

Ms. Christel Bories

A graduate of HEC business school, Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton, later with Corporate Value Associates. She subsequently held various positions of responsibility at Umicore, then at Pechiney Group. Following the merger of Pechiney with Alcan Group, Christel Bories was successively appointed Chairwoman and CEO of Alcan Packaging, Chairwoman and CEO of Alcan Engineered Products, and then CEO of Constellium (formerly Alcan) which she left in December 2011. Christel Bories was appointed Deputy CEO of Ipsen from February 2013 to March 2016. She is also a Board member at Smurfit Kappa.

Christel Bories is aged 51 and a French national.

She holds 1,470 Legrand shares.

Ms. Angeles Garcia-Poveda

Angeles Garcia-Poveda is a graduate of ICADE management school in Madrid and has attended the Harvard University Business Case Study Program. Before joining Spencer Stuart in 2008, she spent fourteen years with The Boston Consulting Group (BCG), in Madrid and Paris, as a strategy consultant, before taking on various responsibilities in recruitment both locally and internationally. As global recruitment manager at BCG she worked on several 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 is aged 45 and a Spanish national.

She holds 2,300 Legrand shares.

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Mr. Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise is a graduate of *Ecole Supérieure de Commerce* business school in Paris and a certified public accountant. He began his career in 1976 in the United States as Finance Controller with Allendale Insurance. After two years in Boston, he joined audit firm Coopers & Lybrand in Paris where he worked as Audit Manager. He joined the Chargeurs Group in 1983, initially as Head of Internal audit, then as Chief Financial Officer (1984-1985) and ultimately as CEO of Croisières Paquet (1986-1993).

In 1994, he joined SEB Group as CEO, later Chairman and CEO, of Calor SA, before taking over the chairmanship of the Group's Home Equipment Division in 1998. In 1999 he was appointed the Group's Vice-Chairman and CEO, then its Chairman and CEO in 2000.

Thierry de La Tour d'Artaise also holds positions as Director of Zhejiang SUPOR (China) and Chairman of SEB Internationale (SAS), both within SEB Group, and as permanent representative of Sofinaction, Director of Lyonnaise de Banque.

Thierry de La Tour d'Artaise is aged 61 and a French national.

He holds 1,250 Legrand shares.

Appointment of Ms. Isabelle Boccon-Gibod as Company Director (8th resolution)

The eighth resolution asks you to appoint as Director, for a term of four years, ending at the date of the General Meeting of Shareholders called in 2020 to consider financial statements for the financial year ending December 31, 2019, Ms. Isabelle Boccon-Gibod, whose summary biography is given below.

A graduate of École Centrale in Paris and Columbia University in the United States, Isabelle Boccon-Gibod is a member of the Altavia Executive Committee and a Board member of Arkema and Paprec. In the past, she was Executive Vice-President of Sequana Group and Executive Director of Arjowiggins Group. Isabelle Boccon-Gibod is also a photographer and the author of "Fors Intérieurs", a collection of portraits of mathematicians.

Isabelle Boccon-Gibod is aged 47 (Isabelle Boccon-Gibod will be aged 48 at the date of the Combined Ordinary and Extraordinary Meeting of Shareholders to be held on May 27, 2016) and a French national.

Having examined the individual situation of Ms. Isabelle Boccon-Gibod with regard to criteria of independence, the Nominating and Governance Committee considers Ms. Isabelle Boccon-Gibod an independent director, having no business relationship with Legrand.

In view of the financial and accounting skills of Ms. Isabelle Boccon-Gibod and her experience as a member of the Audit Committee at Arkema, she is being considered by the Board of Directors as a potential participant in the work of the Company's Audit Committee, subject to approval of her appointment by shareholders.

Subject to your approval of the appointment of Ms. Isabelle Boccon-Gibod as a Company Director, the Board of Directors at the conclusion of the General Meeting on May 27, 2016 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 appointment and renewals put before you, the terms of each of the Company's ten Directors' mandates would run as follows:

Director	2017	2018	2019	2020
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	**1**	**4**	**1**	**4**

Statutory Auditors' terms of office (9th and 10th 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 as well as substitute Statutory Auditors to replace these principal Statutory Auditors in the event of any refusal, impediment or resignation on the part of the latter.

Currently, the principal Statutory Auditors are Deloitte & Associés and PricewaterhouseCoopers; substitute Statutory Auditors are Mr. Yves Nicolas and BEAS.

Renewal of one of the principal Statutory Auditors' term of office (9th resolution)

Initially appointed substitute Statutory Auditor by the Ordinary General Meeting of Shareholders on June 6, 2003, before becoming principal Statutory Auditor following the merger between Pricewaterhouse and Coopers & Lybrand Audit, PricewaterhouseCoopers Audit had its term of office as principal Statutory Auditor renewed by the Ordinary General Meeting on May 27, 2010 for six financial years. This term is expiring at the end of the General Meeting called on May 27, 2016.

The situation of your Statutory Auditors has been carefully examined by the Audit Committee. In view of the quality and efficiency of PricewaterhouseCoopers Audit'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 2022 to approve financial statements for the year ended December 31, 2021.

For your information, please note that in 2015, fees were paid to PricewaterhouseCoopers Audit in a total amount of €2,766,463*, of which (i) €2,136,148 in respect of statutory auditors' assignments, *i.e.* review and certification of individual and consolidated financial statements, as well as other services directly related to the statutory auditors' assignment (the latter services concerning mainly diligence work carried out in the context of contemplated acquisitions), and (ii) €630,315 in respect of other services rendered by the network to integrated subsidiaries worldwide, these being mainly assignments involving assistance with tax returns and occasional tax compliance services, it being specified that such services were mostly rendered in countries where PricewaterhouseCoopers Audit is not the local statutory auditor.

Appointment of a substitute Statutory Auditor (10th resolution)

The term of office of Mr. Yves Nicolas as substitute Statury Auditor is expiring at the end of the General Meeting called on May 27, 2016. The tenth resolution therefore proposes appointing Mr. Jean-Christophe Georghiou as substitute Statutory Auditor for a term of six years, due to end after the General Meeting called in 2022 to approve financial statements for the year ended December 31, 2021.

Renewal of share buyback program (11th 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 29, 2015.

The goals of the buyback program would be:

- to ensure liquidity and active trading of Company shares;
- to (i) implement, in accordance with applicable legislation, (a) any and all plans relating to options to purchase new or existing shares, (b) any and all employee share-ownership transactions, (c) any and all free allocations of shares and share allotments for the purpose of profit-sharing, and (ii) undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted; or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*), or for any other purpose consistent with applicable regulations.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 29, 2015, except for the maximum purchase price per share which was previously set at €70 and which would be set at €75.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 27, 2016, minus the number of shares resold under a liquidity contract during the term of the authorization.

* *For further details on statutory auditors' fees, please refer to page 251 of the Registration Document.*

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 27, 2016. It could not be used during any period during which shares are made available through public offerings.

For reference, at December 31, 2015, the Board of Directors has used the previous authorization as follows:

- the total amount of buybacks implemented by the Company was €141.05 million;
- the Company held 156,595 shares with a par value of €4, for a total of €626,380, representing 0.06% of the Company's capital (of which 94,945 shares excluding liquidity contracts, purchased at a total cost of €3,108,748, 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 61,650 shares.

II - RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Renewal of authorization to cancel shares repurchased under the share buyback programs (12th 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 27, 2016.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, except for the duration of validity of the authorization which has been lowered from twenty-six to eighteen months from the date of the General Meeting.

This authorization would be valid for 26 months from the date of this General Meeting of shareholders. If approved, it would invalidate all authorizations previously granted by the shareholders to the extent not used.

Authorization to allocate performance shares (13th resolution)

Legrand's business model is a value creating model that relies on two growth drivers: organic growth driven especially by innovation, and external growth from acquisitions of companies which are mainly local competitors with particularly fine market positions. These two development pillars obviously rely on a series of 'key people' comprising especially experts and managers.

Long-term incentive plans play a significant part in sustaining the Group's capacity to motivate and retain this human capital, in an international environment where the retention of high-performing staff has become a major competitive issue. Teams are thus focused on a shared objective in terms of growth and value creation.

The decision to allocate performance shares is made according to a rigorous selection process led by an *ad-hoc* committee with the aim of identifying the most high-performing and value-creating individuals throughout the Group's subsidiaries, especially in areas such as R&D, sales & marketing, etc.

In this context, in order to pursue the policy of retention and motivation of Group employees, considered an essential ingredient of Legrand's business model as a source of value creation for shareholders, your Board of Directors is proposing renewing the authorization granted by the General Meeting on May 24, 2013 in its ninth resolution, for the purpose of enabling the allocation of performance shares.

Use of this authorization would allow your Board of Directors to proceed with free share allocations, according to the following conditions:

- **Beneficiaries**: The allocations would be granted to employees and/or corporate officers of the Company or companies related to it as defined under Article L. 225-197-2 of the French Commercial Code or certain of these employees and/or corporate officers.

  The total number of performance shares allocated to the Company's corporate officers could not represent more than 10% of the total allocations made on the basis of this authorization.

  In accordance with Article L. 225-197-1 II of the French Commercial Code, your Board of Directors would specify the number of shares that the corporate officers would be required to hold throughout their term of office.
- **Type of shares allocated**: The allocations would consist of existing or newly issued shares of Company stock.

- **Limit**: The shares allocated under this authorization could not represent more than 1.5% of the Company's share capital at the date the Board of Directors decides to allocate them (excluding adjustments).
- **Vesting and holding periods**: The term of the vesting period and of any holding period, if applicable, would be set by your Board of Directors.

  If a beneficiary were disabled as provided in the second or the third category referred to in Article L. 341-4 of the French Social Security Code (*Code de la Sécurité Sociale*), the shares would vest before the expiration of the vesting period.
- **Presence condition**: Shares would only vest on the condition that the beneficiary is actually present within the Group at the time the vesting period expires. This requirement would apply to all beneficiaries.
- **Performance conditions**: The number of shares vested in the beneficiaries would be determined at the end of a three-year period by applying a demanding set of performance conditions.

  The Board of Directors is considering applying three performance criteria to the allocation of performance share plans subsequent to implementation of this authorization.

  The first two criteria would be financial in nature and similar to those which determined allocation in previous plans.

  In addition, in view of the fact that CSR related questions are at the heart of Legrand's development model, in a world faced by environmental, societal and technological challenges on an ever increasing scale, your Board of Directors now considers it important to include the achievement of the Group's CSR commitments in its performance evaluation system.

  In the framework of its multi-annual Sustainable Development Roadmap, Legrand has set itself ambitious goals and determined a number of priority targets to be reached, each of these priorities being supported by indicators designed to allow to track progress in the Group's CSR performance. In a spirit of transparency, Legrand has undertaken to provide communications about its CSR performance each year by publishing the progress of these indicators, which are also subjected to annual scrutiny by one of the Group's Statutory Auditors. (For an example with regard to the latter aspect, readers are invited to refer to chapter 4.7 of the Company's Registration Document, *Report by Statutory Auditors, appointed as an independent third-party body, on the consolidated workforce-related, environmental and societal information contained in the management report)*.

  Accordingly, your Board of Directors wishes to introduce a third performance condition into its performance share plans, namely the average of the annual attainment rate of Group CSR Roadmap priorities over a three-year period.

  Performance share plans would thus be subject to three performance criteria, combining a financial and a non-financial dimension, with each of said criteria determining one third of the number of shares initially allocated to each beneficiary.

Type of performance criteria	Description of performance conditions
"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
"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
Non-financial performance criterion	Arithmetic mean of average levels of attainment of Group Sustainable Development Roadmap priorities over a three-year period

It is thus being envisioned to test the three performance criteria over a three-year period, with the number of performance shares finally allocated to beneficiaries being calculated according to the following method:

1) "External" financial performance criterion, determining 1/3 of the number of shares initially allocated to beneficiaries

Average gap in Legrand's favour between Legrand and the MSCI average over a three-year period	2.9 points or less*	7.3 points*	9.5 points or more*
Pay-out rate**	0%	100%	150%

* *The values of the limits are indicated in the table above for illustration purposes as to the calculation method for the "external" financial performance criterion. With respect to the performance share allocations following the General Meeting of Shareholders on May 27, 2016, the values of these limits will be the following:*

- *central point: Gap between Legrand and the MSCI average stated in 2015 (data available in June 2016);*
- *lower limit: Central limit minus 4.4 points;*
- *higher limit: Central limit plus 2.2 points.*

** *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

2) "Internal" financial performance criterion, determining 1/3 of the number of shares initially allocated to beneficiaries

Average normalized free cash flow as a percentage of sales over a three-year period	8.8% or less	12.2%	13.9% or more
Pay-out rate*	0%	100%	150%

* *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

3) Non-financial performance criterion applicable to beneficiaries with the exception of the Executive Director, determining 1/3 of the number of shares initially allocated to beneficiaries

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%
Pay-out rate*	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%

* *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

For the Executive Director, this third performance criterion could be applied even more stringently, as follows:

3b) Non-financial performance criterion applicable to the Executive Director, determining 1/3 of the number of shares initially allocated to the Executive Director

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%
Pay-out rate*	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%

* *For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.*

In total, taking into account these three performance conditions, the number of shares finally allocated could thus vary between 0 and 150% of the initial allocation.

No hedging instrument for shares allocated pursuant to this authorization would be implemented by the Company.

The Board of Directors would be authorized, if appropriate, to adjust, during the vesting period, the number of performance shares allocated, according to any operations aimed at the Company's share capital, so as to maintain the entitlements of beneficiaries.

In the event of allocation of shares to be issued, this authorization would entail, at the end of the vesting period, a capital increase by incorporation of reserves, profits or issue premiums in favour of the beneficiaries of said share allocations, and a related waiver of shareholders' preferred subscription rights and of their entitlements to the reserves, profits or issue premiums incorporated in this way, the capital increase being fully realized by sole virtue of the final allocation of shares to the beneficiaries.

This authorization would be valid for a period of 38 months from the date of the General Meeting called on May 27, 2016. If approved, it would invalidate the similar authorization granted by the Combined Ordinary and Extraordinary General Meeting on May 24, 2013, to the extent not used.

Please note that the Company implemented the previous authorization granted by the Combined Ordinary and Extraordinary General Meeting on May 24, 2013, as the Board on May 29, 2015 authorized the allocation of a target number of shares of 390,844 in total (subsequently raised to 392,333 then to 382.756 shares[(1)]), *i.e.* 0.15% of share capital on May 26, 2015, with the allocation to the executive director representing 3.75% of the overall allocation.

Renewal of financial authorizations (resolutions 14 to 21)

Resolutions 14 to 21 cover the delegations of financial powers granted to your Board of Directors. The purpose of these resolutions is to renew certain authorizations established and approved by the General Meeting of May 27, 2014, which are now expiring, and to enable the Board of Directors to manage the Company's finances, in particular by authorizing it to issue securities under certain circumstances and under certain conditions, depending on market opportunities and the Group's funding requirements.

Each resolution presented to you corresponds to a specific purpose for which your Board of Directors would be authorized to issue securities, with or without preferred subscription rights, depending on each case.

By voting these resolutions, you would give your Board of Directors a certain degree of flexibility by removing the requirement to call a General Meeting for each proposed issue of securities complying with the maximum limits strictly defined for each authorization and summarized in the table below (beyond said maximum limits, your Board of Directors would again need to request your authorization). As a result, the Board of Directors would adapt the type of securities and the investor profile more rapidly in response to market opportunities, allowing the Company to obtain the right funding as quickly as possible, meeting both its own needs and market requirements.

(1) In view of the conditions of dividend payment decided upon by the Company's Combined Ordinary and Extraordinary General Meeting on May 29, 2015, the number of performance shares allocated was adjusted in accordance with the provisions of Article L. 228-99 of the French commercial code, so as to acknowledge the impact of this operation on the interests of beneficiaries of performance share allocations: therefore, the initial allotment of 390,844 performance shares was increased to 392,333 shares. Following the decision made by Gilles Schnepp to renounce to a part of the performance shares which had been granted to him, the total of performance shares was reduced to 382,756 shares (such decision having been acknowledged by the Board of Directors on March 17, 2016)

Overview of limits on financial authorizations submitted for approval to the General Meeting on May 27, 2016

Nature of authorization	Resolution	Limit	Overall limit (21st resolution)	Preferred subscription rights maintained? (Yes / No)	Duration	Expiry date
Issue of shares or complex securities with preferred subscription rights maintained	14th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: €200 million, i.e. around 18.74% of share capital Nominal amount of debt securities liable to be issued: €2 billion	Nominal amount of capital increases liable to be effected: €200 million, i.e. around 18.74% of share capital Nominal amount of debt securities (including bonds) liable to be issued: €2 billion	Yes	26 months	July 27, 2018
Issue of shares or complex securities through public offering with preferred subscription rights waived	15th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: €100 million, i.e. around 9.37% of share capital Nominal amount of debt securities liable to be issued: €1 billion		No	26 months	July 27, 2018
Issue of shares or complex securities through private placement with preferred subscription rights waived	16th resolution			No	26 months	July 27, 2018
Increase in the issue amounts, pursuant to resolutions 14, 15 and/or 16, in the event of excess demand	17th resolution	15% of initial issue		Depends on the issue affected by over-allocation	26 months	July 27, 2018
Capital increase in favour of participants in employee share-ownership programs of the Company or Group	19th resolution	€25 million To be counted towards the €100 million limit set in resolutions 15 and 16		No	26 months	July 27, 2018
Issue of shares to provide consideration for in-kind contributions to the Company	20th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: 5% of share capital (i.e. around €53.38 million) To be counted towards the €100 million limit set in resolutions 15 and 16 Nominal amount of debt securities liable to be issued: €1 billion To be counted towards the €1 billion limit set in resolutions 15 and 16		No	26 months	July 27, 2018
Renewal of the share buyback program	11th resolution	10% of share capital (i.e. around €106.77 million)			18 months	November 27, 2017
Reduction in capital stock by cancellation of shares	12th resolution	10% of share capital per 24-month period			18 months	November 27, 2017
Capital increase through incorporation of reserves, profit, premiums or other items	18th resolution	€100 million			26 months	July 27, 2018

Features of the financial resolutions submitted to the General Meeting of Shareholders on May 27, 2016 compared to the financial resolutions approved by the General Meeting of Shareholders on May 27, 2014

As far as applicable limits are concerned, the resolutions submitted to your approval present the same features as those approved by the Combined Ordinary and Extraordinary General Meeting on May 27, 2014.

To restore the 'neutrality' principle subsequent to the entry into force of French law No. 2014-384 of March 29, 2014 (the so-called 'Florange Act'), the resolutions which were approved by the Combined Ordinary and Extraordinary General Meeting on May 27, 2014 were subsequently complemented by the Combined Ordinary and Extraordinary General Meeting on May 29, 2015 to restrict their use during periods of public offerings aimed at Company shares. Your Board of Directors proposes extending the application of the neutrality principle principle, by virtue of which your Board could not, without prior authorization by the General Meeting, make use of delegations granted it from the date of lodging of a third-party public offering aimed at Company shares until the end of the offer acceptance period.

Please note that the wording of the resolutions submitted to your approval has been adjusted compared to those which were previously submitted, to take account of the changes to the French Commercial Code provided for in legislative order No. 2014-863 dated July 31, 2014. Until the entry into force of this order, the issue of securities giving access to share capital or entitlement to debt securities fell within the scope of the Extraordinary General Meeting even where such issue entailed no potential capital increase. Henceforth, the involvement of the Extraordinary General Meeting is restricted to issues which have a dilutive effect entailing, either immediately or in the future, an increase in Company capital. The issue of securities entailing no potential increase in Company capital, on the other hand, are part of the scope of responsibility of your Board of Directors.

Information on preferred subscription rights

Any capital increase in cash would theoretically involve offering you preferred subscription rights to the new shares entitling you to subscribe, for a defined period, a certain number of shares in proportion to your existing shareholdings. This preferred subscription right may be detached from the shares and can be traded throughout the subscription period.

Please note that approval of some of these resolutions would result in capital increases without preferred subscription rights, for the following reasons:

- depending on market conditions, it may be necessary to eliminate your preferred subscription rights in order to issue securities as successfully as possible. This may be the case, for example, if the success of the issue depends on the Company's ability to act quickly, or if the Company is selling securities to investors outside France, or responding to an exchange offer. In some instances, eliminating your preferred subscription rights might allow the Company to raise the capital it requires for investments more quickly, by offering the newly issued securities on more favourable terms (for example, by gaining faster access to qualified investors as defined by applicable regulations);
- in addition, your vote in favour of certain resolutions constitutes an express waiver of your preferred subscription right, without further process, in favour of the beneficiaries of the issues or allocations concerned, for example in the event of a capital increase restricted to participants in a share ownership savings plan.

Under these conditions, we therefore propose that you grant your Board of Directors the following powers, it being specified that, if it should make use of them, your Board of Directors would, as required by applicable regulations, draw up an additional report describing the final conditions of the issue decided upon. This report, together with Statutory Auditors' reports, would then be made available to you at head office and subsequently presented to you at the next General Meeting.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities, with preferred subscription rights maintained (14th resolution)

Using this authorization could enable your Board of Directors to strengthen the Company's equity and financial structure and/or to contribute to funding a capital expenditure program.

Shareholders exercising their preferred subscription rights would experience no dilution, while those not exercising their preferred subscription rights could opt to trade them.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights maintained;**
- **applicable limits:**
  - nominal amount of capital increases liable to be effected immediately and/or in the future: €200 million, *i.e.* to date around 18.74% of share capital,
  - nominal amount of bonds and other debt securities liable to be issued: €2 billion,
  - the authorization would also be counted towards the overall limits provided for in the twenty-first resolution of (i) €200 million for capital increases by way of issuance of shares or securities and (ii) €2 billion for the total nominal amount of debt securities (including bonds) issued;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the twelfth resolution adopted at the

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Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing, by public offering, shares or complex securities, with preferred subscription rights waived (15th resolution)

If accepted, this delegation of powers would enable the Company to access additional sources of funding by calling upon investors or Company shareholders; such a diversification in sources of funding could prove useful to the Company.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived;**
- **applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for the total nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the nominal limit set in the sixteenth resolution and towards the €200 million overall limit set in the twenty-first resolution,
  - €1 billion for the total nominal amount of debt securities (including bonds) issued. This amount would also be counted towards the nominal limit set in the sixteenth resolution and towards the €2 billion overall limit set in the twenty-first resolution;
- **price**:
  - for shares: the issue price of ordinary shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
  - for securities: the issue price and the number of new shares to which each such security may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;
- **priority entitlement**: your Board of Directors could decide to grant you a priority subscription entitlement on part or all of the issue; contrary to the preferred subscription right, this priority subscription entitlement may not be traded;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the thirteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing, by means of an offer within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code ('Code monétaire et financier') (private placement), shares or complex securities, with preferred subscription rights waived (16th resolution)

If accepted, this delegation of powers would enable the Company to avail of a funding method faster than a capital increase by public offering, and would open up simpler access to qualified investors.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived;**
- **applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for the total nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the nominal limit set in the fifteenth resolution and towards the overall limit of €200 million set in the twenty-first resolution,
  - €1 billion for the total nominal amount of debt securities (including bonds) issued. This amount would also be counted towards the nominal limit set in the fifteenth resolution and towards the overall limit of €2 billion set in the twenty-first resolution,
  - in any event, as provided for by applicable regulations, the total amount of capital increases which may be effected pursuant to this delegation of powers could not annually exceed 20% of the Company's capital stock on the date of issue (this legal limit being calculated at the time of drafting this report and given for information purposes only);
- **price**:
  - for shares: the issue price of shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration,

this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),

- for securities: the issue price and the number of new shares to which each such security may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;

- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of increasing the amount of issues made with preferred subscription rights maintained or waived in the event of excess demand (17th resolution)

By enabling an increase in the amount initially envisaged for the operation, this scheme would help to avoid reducing souscriptions in the event of strong demand.

The authorization you are being asked to grant is characterized as follows:

- **limit**: determined by applicable regulations (currently 15% of first issue);
- **deadline**: determined by applicable regulations (currently within 30 days of closure of subscription);
- **applicable limits**: the applicable limits are those set by the resolution pursuant to which the first issue was made;
- **price**: same as that chosen for the first issue;
- **preferred subscription rights**: waived or maintained according to the issue affected by over-allotment;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of increasing share capital through incorporation of reserves, profit, premiums or other items which may be capitalized under applicable regulations (18th resolution)

Such an operation would not affect shareholder rights as, under these conditions, the increase in Company share capital would be effected not through additional funding but simply by direct transfer to the 'equity' account. Such an operation would involve either the issue of new shares allocated free of charge to all shareholders on the day of the decision to incorporate, or an increase in the par value of existing shares.

The authorization you are being asked to grant is characterized as follows:

- **applicable limit**: €100 million. This limit would be independent of any other limit relative to the issue of shares or other securities which might be authorized or delegated by the General Meeting on May 27, 2016;
- **means used**:
  - allocation of shares,
  - increase in the par value of existing shares, or
  - any combination of these two;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the sixteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities in favour of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (19th resolution)

If approved, the previous resolutions would grant the Board of Directors delegations of powers which would entail the correlative legal obligation to present you with a draft resolution enabling a capital increase specifically in favour of employees.

You are therefore asked to delegate to your Board of Directors the power to issue shares and/or complex securities, with waiver of shareholders' preferred subscription rights, in favour of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of Article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants may, pursuant to Articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation, enjoy the restrictive benefit of a capital increase under equivalent conditions).

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived** to the benefit of participants in Company employee share-ownership programs;
- **applicable limits**:
  - €25 million,
  - the authorization would be counted towards the €100 million nominal limit set in the fifteenth and sixteenth resolutions and the €200 million overall limit set in the twenty-first resolution;
- **price**: the issue price of the new shares would be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision, it being understood that the Board of Directors might reduce or cancel this discount if it deemed it appropriate.

  In the scope of this delegation of powers, the Board of Directors would be able to allocate free shares or other securities giving access to the Company's share capital, in substitution for any discount and/or Company contribution, within the limits provided for in Article L. 3332-21 of the French Labour Code;
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the seventeenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities providing access to share capital as consideration for contributions in kind to the Company, with preferred subscription rights waived to the benefit of holders of the shares or securities provided as said contributions in kind (20th resolution)

This resolution asks you to delegate to your Board of Directors all necessary powers to issue ordinary shares and complex securities, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital.

This delegation would enable the conclusion of external growth transactions in France and elsewhere, as well as the buyback of minority interests in the Group, without impacting Company cash flow.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived** to the benefit of holders of shares or securities that are the subject of contributions in kind;
- **applicable limits**:
  - 5% of share capital at the time of issue, for the nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the €100 million nominal limit set in the fifteenth and sixteenth resolutions and the €200 million overall limit set in the twenty-first resolution,
  - €1 billion for the total nominal amount of debt securities issued. This amount would also be counted towards the €1 billion nominal limit set in the fifteenth and sixteenth resolutions and the €2 billion overall limit for debt securities set in the twenty-first resolution;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the eighteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not already used, it being specified that the latter authorization was not used.

Please note that a complete overview of currently applicable delegations and authorizations granted to the Board of Directors by the General Meeting as well as their use during the financial year can be found in chapter 9.2.1.1 of the Company's Registration Document.

Powers to effect formalities (22nd 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 27, 2016.

Executed on March 17, 2016 by the Board of Directors

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2016

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements at December 31, 2015)

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 2015 financial year, of the Chairman of the Board's report as appended to the management report; the auditors' report on the annual financial statements; and the auditors' report on the Chairman's report, shareholders approve the Company's financial statements at December 31, 2015 as presented, which show a net profit of €198.3 million, 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 quater of the French Tax Code (*Code général des impôts*), shareholders approve the total amount of expenses and charges referred to in Article 39-4 of the French Tax Code, amounting to €33,645 in respect of the 2015 financial year, and the tax incurred in respect of said expenses and charges, amounting to €11,584.

Second Resolution (Approval of the consolidated financial statements at December 31, 2015)

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 2015 financial year together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements at December 31, 2015 as presented, which show a net profit excluding minority interests of €550.6 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, 2015 amounts to €198,282,021.10;
2. resolve to appropriate €229,194.80 of this net profit to the legal reserve;
3. observe that, in the absence of any retained earnings, the amount available for distribution equals €198,052,826.30;
4. resolve also to appropriate €3,471,334.59 of distributable income to reserves not available for distribution for treasury shares;
5. observe that the amount available for distribution therefore equals €194,581,491.71;
6. resolve to distribute a dividend to shareholders amounting to €1.15 per share, making a total amount of €306,790,108.05 on the basis of the number of shares making up capital stock at December 31, 2015 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, as reduced to charge the reserves not available for distribution for own shares, *i.e.* €112,208,616.34 (on the same basis), shall be 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 from the 266,930,602 shares making up capital stock at December 31, 2015, the total amount of dividends and the amount taken from the "issue premium" account will be adjusted accordingly.

The ex-dividend date on Euronext Paris is May 31, 2016 and the dividend referred to in paragraph 6 above will be made payable from June 2, 2016.

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the dividend payment date.

Shareholders grant the Board of Directors all necessary powers to determine, considering in particular the number of own shares held by the Company at the dividend payment date and the number of shares cancelled before that date, the total amount of the dividend and, by the same token, the amount to be deducted from the "issue premium"account.

Concerning the tax treatment of the €1.15 dividend per share proposed to Company shareholders, despite the possible adjustments relating to the modifications mentioned above, it is specified that this distribution will be considered, for tax purposes:

- in the amount of €0.72, 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;
- in the amount of €0.43 deducted from the "issue premium" account, as a repayment of paid-in capital within the meaning of Article 112-1 of the French Tax Code, therefore non-taxable for individual shareholders residing in France but reducing the fiscal share cost price.

Shareholders note that, in respect of 2012, 2013 and 2014 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
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0
2013	265,956,606 shares with a par value of €4	€1.05	€1.05	€0
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0

* *A fraction of €0.17 of the dividend distributed with regard to the 2014 financial year, having the fiscal form of repayment of paid-in capital, within the meaning of Article 112 1° of the French Tax Code, the amount of which is not considered as distributed income for tax purposes.*

Fourth Resolution (Consultative opinion on the compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the financial year ended December 31, 2015)

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 (*Code de commerce*), issue a favourable opinion on the compensation components due or allocated in respect of the 2015 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, as set out in the 2015 Registration Document, Appendix 2 "Management report of the Board of Directors on March 17, 2016 to the Annual General Meeting scheduled on May 27, 2016", in the section entitled "Compensation components due or allocated in respect of the 2015 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, 2015.

Fifth Resolution (Renewal of the Director's mandate of Ms. Christel Bories)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Board of Directors' report, shareholders note that the Director's mandate of Ms. Christel Bories expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew her mandate as Director for a period of four years, ending at the date of the General Meeting of shareholders called in 2020 to consider financial statements for the financial year ending December 31, 2019.

Sixth Resolution (Renewal of the Director's mandate of Ms. Angeles Garcia-Poveda)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Board of Directors' report, shareholders note that the Director's mandate of Ms. Angeles Garcia-Poveda expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew her mandate as Director for a period of four years, ending at the date of the General Meeting of shareholders called in 2020 to consider financial statements for the financial year ending December 31, 2019.

Seventh Resolution (Renewal of the Director's mandate of Mr. Thierry de la Tour d'Artaise)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Board of Directors' report, shareholders note that the Director's mandate of Mr. Thierry de la Tour d'Artaise expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the date of the General Meeting of shareholders called in 2020 to consider financial statements for the financial year ending December 31, 2019.

Eighth Resolution (Appointment of a Director)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders decide, upon a proposal by the Board of Directors, to appoint Ms. Isabelle Boccon-Gibod as a Director of the Company, for a period of four years, ending at the date of the General Meeting of shareholders called in 2020 to consider financial statements for the financial year ending December 31, 2019.

Ninth Resolution (Renewal of the mandate of PricewaterCoopers Audit as 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 PricewaterhouseCoopers Audit as statutory auditor expires this day.

Shareholders therefore decide to renew the mandate as statutory auditor of PricewaterhouseCoopers Audit, domiciled at 63, rue de Villiers, 92208 Neuilly-sur-Seine, for a period of six years from this day, ending at the date of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Tenth Resolution (Appointment of Mr. Jean-Christophe Georghiou 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 as deputy statutory auditor of Mr. Yves Nicolas expires this day and appoint as deputy statutory auditor Mr. Jean-Christophe Georghiou, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a duration of six years from this day, ending at the date of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Eleventh 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 Regulation n°2273/2003 of the European Commission, 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, exchanged or transferred for the purposes of:
   - ensuring the liquidity or active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Code of Practice recognized by France's Financial Markets Authority (*Autorité des marchés financiers*),
   - implementing (i) any and all Company stock options plans in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan, (ii) any and all Group employee share-ownership programs in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*) or to provide for share allocations for employee profit-sharing and/or in lieu of discount according to applicable laws and regulations, (iii) any and all free share allocations pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code, and any and all share allocations for employee profit-sharing, as well as providing cover for such transactions at such times as the Board of Directors or the person acting on its behalf takes action, (iv) allocation of shares to employees and/or corporate officers of the Company or of the Group, complying with 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 specified that the number of shares acquired by the Company with a view to holding these and employing them at a later date as payment for or in exchange for a merger, demerger, or transfer of assets may not exceed 5% of the Company's capital stock,
   - delivering shares on the exercise of rights attached to securities providing immediate or future access to the equity of the Company, through redemption, conversion, exchange, presentation of a warrant, or in any other way,
   - cancelling all or some of the shares so purchased, pursuant to the twelfth 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 the delivery of shares arising from the issuance of securities giving access to the Company's capital by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or indirectly through an investment service provider.

The maximum price paid for purchases may not exceed €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 own shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at that time.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to decide on the use and deployment of this authorization, and in particular to determine the conditions of such use, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the purposes allowed in compliance with law and regulations, to make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Twelfth Resolution (Authorization granted to the Board of Directors to reduce the capital stock by cancellation of own 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.

Thirteenth Resolution (Authorization granted to the Board of Directors to make one or more allocations of free shares to the benefit of employees and/or corporate officers of the Company and associated companies or certain of these employees or corporate officers, entailing waiver by the shareholders of their preferred subscription rights to the shares issued as the result of grants of free shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, in particular Article L. 225-197-6, shareholders:

1. authorize the Board of Directors to make free allocations on one or more occasions, of existing Company shares or shares to be issued by the Company;
2. resolve that the beneficiaries of such allocations must be employees and/or corporate officers of the Company or associated companies as defined under L. 225-197-2 of the French Commercial Code, or certain categories of these employees or corporate officers;
3. resolve that the Board of Directors will determine the identity of the beneficiaries of the allocations, the conditions for allocation and, as the case may be, requirements for allocations of free shares;
4. resolve that the total number of shares issued or to be issued and available for free allocations under this resolution may not exceed 1.5% of the share capital of the Company at the date of the decision to make the allocation, with the proviso that this limit does not include any adjustments that may be made to protect the interests of beneficiaries as required by prevailing law and regulation, and if applicable, by contractual stipulations;
5. observe that if allocations are granted to the corporate officers referred to in Article L. 225-197-1 II, paragraphs 1 and 2 of the French Commercial Code, they may be granted only as provided by Article L. 225-197-6 of the French Commercial Code;
6. resolve that the number of free shares allocated to the Company's corporate officers under this resolution may not exceed 10% of the total allocations made by the Board of Directors under this resolution;
7. resolve that beneficiaries will acquire unconditional ownership of shares at the close of (i) a vesting period, to be set by the Board of Directors, of at least three years, and

(ii) a holding period of at least one year from the expiry of the vesting period, to be set by the Board of Directors, it being specified that the holding period may be cancelled or reduced by the Board of Directors;

8. resolve that, notwithstanding the above, should a beneficiary be the victim of a disability in the second or the third category referred to in Article L. 341-4 of the French Social Security Code (*Code de la Sécurité Sociale*), the shares vest before the expiration of the vesting period and the shares are immediately transferable;

9. resolve that, for all beneficiaries, vesting of the shares granted under this resolution shall be determined by one or several conditions of performance set by the Board of Directors over a period of at least three years;

10. authorize the Board of Directors to effect, as appropriate during the vesting period, adjustments to the number of free shares allocated to allow for changes in the Company's share capital, as provided by Article L. 225-181 of the French Commercial Code, and thereby preserve the rights of beneficiaries;

11. resolve that the Board of Directors shall determine the duration of the vesting and required holding periods, shall determine the requirements and conditions for the holding of shares during the required period, and shall draw on the reserves, profits or premiums that the Company is free to dispose of for the purpose of paying up the shares to be issued in favor of the beneficiaries;

12. observe that in the event of free allocation of shares yet to be issued, this authorization will entail, at the end of the vesting period, a capital increase by way of incorporation of reserves, profits or share premiums in favor of the beneficiaries of these shares and thus further entail the waiver in favor of the same beneficiaries of shareholders' preferred rights to subscription and to the portion of the reserves, profit or premiums thus incorporated, the capital increase taking full effect, without further process, on vesting of shares.

Shareholders confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to determine other terms and conditions relating to the attribution of shares, to draw up the list of beneficiaries or categories of beneficiaries, to set the number of shares that may be allocated to each beneficiary, to determine the dates of attribution and one or several conditions of performance, to provide for the possibility to suspend allocation rights temporarily complying with applicable laws and regulations, and enter into such agreements as may be conducive to the satisfactory performance of the attributions.

Shareholders further resolve that the Board of Directors shall have all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to recognize any and all capital increases resulting from the said attributions, to make the necessary amendments to the Company's articles of association, to effect all formalities regarding the issue, admission to trading and financial servicing of securities issued under this resolution, to make any necessary declarations before any and all entities, and in general to do everything that may be useful and necessary for purposes of this resolution.

This authorization is granted for a period of thirty-eight months from the date of this General Meeting, and may be used on one or more occasions. It deprives previous authorizations for this purpose of their effect, to the extent not used.

Fourteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities, with preferred subscription rights maintained)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 *et seq.* (in particular Article L. 225-129-2) and L. 228-91 *et seq.*:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to provide, the preferred subscription rights of shareholders being maintained, in France or in other countries, in euros, in other currencies or in any monetary unit based on a basket of currencies, (i) for the issue of shares of the Company, (ii) for the issue of securities, governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are capital securities of the Company giving access to other capital securities of the Company and/or entitling to debt securities of the Company, (iii) for the issue of securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, giving access or liable to give access to capital securities of the Company to be issued, it being stipulated that these securities may, as appropriate, give access to existing capital securities and/or debt securities of the Company, which may be subscribed for either in cash or by way of offset against due and payable debts, in such amounts and at such times as it will determine, in accordance with applicable laws and regulations;

2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed €200 million (or the equivalent in another currency), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give access to shares of the Company, it being stipulated that this nominal amount will count towards the overall limit set in the twenty-first resolution;

3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €2 billion (or the equivalent of this amount if issues are made in a foreign currency or units of account), it being stipulated that this amount will count towards the overall limit on the issue of debt securities set in the twenty-first resolution;

4. resolve that shareholders may exercise their preferred subscription rights to the full with no reduction in allocations, subject to the conditions and limits established by the Board of Directors. The Board may also grant shareholders, in proportion to their subscription rights and within the limits of their applications, rights to subscribe to a number of shares or securities greater than that resulting from their irreducible rights but with allocations subject to reduction;
5. observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full under their irreducible and, where applicable, reducible subscription rights, the Board of Directors may use, in compliance with Article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:
   - limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
   - freely allocate all or part of the unsubscribed securities to such persons as it sees fit,
   - offer to the public all or part of the unsubscribed securities;
6. resolve that any issue of options to subscribe to Company shares may be effected by either an offer to subscribe as provided above or by free allocation to the holders of existing shares, it being stipulated that, in the event of a free allocation of unattached options, the Board of Directors will have the power to decide that rights not representing a whole number of shares may not be traded and that the securities concerned are to be sold;
7. recognize and resolve that, insofar as this may be necessary, this delegation entails, without further process, the waiver, in favor of the holders of any securities as may be issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities may carry entitlement;
8. resolve that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and conditions of issues, the form and specifications of the securities to be issued, the prices and the conditions of issue, the amounts to be issued, the terms of payment, the dates from which new securities carry rights, even with retroactive effect, and conditions for redemption where applicable; to suspend, if necessary and in accordance with applicable regulations, the rights to Company shares attached to securities; to make such adjustments as may be required as a result of changes in the Company's capital stock; to take such action as may be necessary to protect the rights of the holders of securities giving access to Company shares; to make all appropriate charges to issue premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense; and, in general, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issue; and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

   In the event of issue of debt securities, the Board of Directors will have full powers, in particular to decide whether the debt is to be subordinated or not, to set the interest rate, the maturity, the redemption price, whether fixed or variable, with or without bonus, to define amortization terms in accordance with market conditions and to determine conditions under which securities may carry rights to Company new shares;
9. excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end;
10. resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation of powers thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and, from this day, replaces the delegation of powers provided for in the twelfth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Fifteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing, by means of public offers, shares or complex securities, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148, L. 228-91, and L. 228-92:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to provide, in France or in other countries, in euros, in other currencies or in any monetary unit based on a basket of currencies, through public offers, (i) for the issue of shares of the Company, (ii) for the issue of securities, governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are capital securities giving access to other capital securities of the Company and/or entitling to debt securities of the Company, (iii) for the issue of securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, giving access or liable to give access to capital securities of the Company to be issued, it being stipulated that these securities may, as appropriate, give access to existing capital securities and/or debt securities of the Company, which may be subscribed for either in cash or by way of offset against due and payable debts, in such amounts and at such times as it will determine, in accordance with applicable laws and regulations;
2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed €100 million (or the equivalent in another currency), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, it being stipulated that this nominal amount of the capital increase made immediately and/or forward, under the present delegation, will count towards (i) the nominal limit of €100 million set by the sixteenth resolution put to this General Meeting, and (ii) the overall limit set in the twenty-first resolution;
3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency), it being stipulated that the total nominal amount of the debt securities issued under the present delegation will count towards (i) the nominal limit of €1 billion set by the sixteenth resolution and (ii) the overall limit set in the twenty-first resolution;
4. resolve that issues pursuant to this delegation of powers will be effected by means of offers within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*), it being further stipulated that these issues may be effected in association with one or several public offers pursuant to the sixteenth resolution put to this General Meeting;
5. resolve to waive shareholders' preferred rights to subscribe to the shares and other securities to be issued under the present resolution;
6. determine however that the Board of Directors may confer on shareholders a priority right to subscribe, in irreducible proportion and, if so decided, with additional reducible rights, over a period that it is to determine in accordance with applicable laws and regulations, to all or part of the issue in accordance with Article L. 225-135, paragraph 5, of the French Commercial Code, such priority right not giving rise to negotiable rights;
7. observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full, the Board of Directors may use, in such order as it determines, whether singly or in combination, powers to:
   - limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
   - freely allocate all or part of the unsubscribed securities to such persons as it sees fit;
8. recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favor of the holders of any such securities that may be issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities may carry entitlement;
9. resolve that:
   - the issue price of ordinary shares will be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a maximum discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
   - the issue price of securities issued under the present resolution and the number of new shares to which such security may carry entitlement will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section;

10. provide that the Board of Directors may, within the limits defined in paragraphs 2 and 3 above, issue various shares or securities in consideration of the securities tendered in response to a public offer including a swap component (whether as the principal or a secondary component) initiated by the Company, in France or in other countries, for the acquisition of the securities of a company whose shares are listed on a regulated market in accordance with Article L. 225-148 of the French Commercial Code, and subject to the reserves therein, in which case the stipulations regarding the price set out in paragraph 9 above do not apply, and waive, insofar as necessary, their preferred subscription rights to these shares or other securities in favour of the holders of these securities;

11. resolve that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues (including exchange parities in the event of a public offer with a swap component initiated by the Company), the amounts to be issued (where applicable, depending on the number of shares tendered in response to a public offer initiated by the Company), the terms of payment, the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving access to Company shares, to make all appropriate charges to issue premiums, and in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issues, and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

In the event of issue of debt securities, the Board of Directors will have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable, with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to Company new shares;

12. excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end;

13. resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and replaces, from this day, the delegation of powers provided for in the thirteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Sixteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code *(Code monétaire et financier)* (private placement), shares or complex securities, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 and L. 228-92:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to provide, in France or in other countries, in euros, in other currencies or in any monetary unit based on a basket of currencies, by means of offers within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code, (i) for the issue of shares of the Company, (ii) for the issue of securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are capital securities of the Company giving access to other capital securities of the Company and/or entitling to debt securities of the Company (iii) for the issue of securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, giving access or liable to give access to capital securities of the Company to be issued, it being stipulated that these securities may, as appropriate, give access to existing capital securities and/or debt securities of the Company, which may be subscribed for either in cash or by way of offset against due and payable debts, in such amounts and at such times as it will determine, in accordance with applicable laws and regulations;

2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed (a) the nominal amount of €100 million (or the equivalent in other currencies), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, nor, in any event, (b) the legal limit (for purposes of illustration, this limit is currently 20% of the Company's capital stock, at the date of issue, per year), it being further provided that the nominal amount of any capital increases which may be effected, whether immediately or at some future date, pursuant to this delegation of powers is to count towards (i) the nominal limit of €100 million set by the fifteenth resolution put to this General Meeting, and (ii) the overall limit set in the twenty-first resolution;

3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency); it being further provided that the total amount of debt securities issued pursuant to this delegation of powers will count towards (i) the overall limit of €1 billion provided for in the fifteenth resolution put to this General Meeting, and (ii) the overall limit provided for in the twenty-first resolution;

4. resolve that issues pursuant to this delegation of powers will be effected by means of offers within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code, it being further stipulated that these issues may be effected in association with one or several public offers pursuant to the fifteenth resolution put to this General Meeting;

5. resolve to waive shareholders' preferred rights to subscribe to the shares and other securities which may be issued under the present delegation;

6. observe that, if shareholders do not take up in full an issue of shares or other securities of the kinds referred to above, the Board of Directors may use, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- freely allocate all or part of the unsubscribed securities to such persons as it sees fit;

7. recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favor of the holders of any such securities issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities may carry entitlement;

8. resolve that:

- the issue price of shares will be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a maximum discount of 5%, where necessary after adjustment of this average to allow for differences in the dates from which shares carry entitlements),
- the issue price of securities issued under the present resolution and the number of new shares to which each such security may carry entitlement will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;

9. determine that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues, the amounts to be issued, the terms of payment, the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in the Company's capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving access to Company shares, to make all appropriate charges to issue premiums, in particular for charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issues, and to effect all formalities necessary for the issue, trading and financial services of the shares issued by virtue of this delegation and the exercise of rights attached to them.

In the event of issue of debt securities, the Board of Directors will have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable, with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to Company new shares;

10. excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end;

11. resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and replaces, from this day, the delegation of powers provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Seventeenth Resolution (Authorization for the Board to increase the amount of issues made with preferred subscription rights maintained or waived in the event of excess demand)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to decide, within the time allowed and up to the limits defined by laws and regulations applicable at the date of issue (for purposes of illustration, at the date of this General Meeting, within 30 days from the close of subscription, and not exceeding 15% of the initial issue and offered at the same price), to increase the number of securities to be issued in any issue with preferred subscription rights maintained or waived pursuant to the fourteenth, fifteenth and/or sixteenth resolution put to this General Meeting, provided that this does not exceed the limit defined in the resolution under which the issue is made;
2. resolve that the nominal amount of the increase decided under the present resolution will count towards the first, and if applicable, in case of issuance of debt securities, towards the second overall limit set in the twenty-first resolution.

Shareholders grant all powers to the Board of Directors to implement this delegation, according to the conditions stipulated by the applicable regulations.

Excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end.

The delegation of powers so granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and replaces, from this day, that provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Eighteenth Resolution (Delegation of powers granted to the Board of Directors for the purpose of capital increases through incorporation of reserves, profit, premiums or other items which may be capitalized under applicable regulations)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to increase the nominal amount of share capital on one or several occasions, in such proportions and at such times as it sees fit, by incorporation of reserves, profits, premiums or other items which may be capitalized under general law and Company articles, such increase taking the form of a free share allocation, or an increase in the nominal value of the existing shares, or a combination of the two;
2. resolve that the total nominal amount of the capital increases made pursuant to this delegation of powers may not exceed €100 million, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to Company shares; this limit is independent of any of the other limits on issuance of shares and complex securities pursuant to delegations of powers or authorizations conferred at this General Meeting;
3. resolve that, in the event of a share allocation, (i) rights not representing a whole number of shares may not be traded and that such shares are to be sold; it being stipulated that the proceeds of such sale will be allocated to holders of rights as provided by law and applicable regulations, and (ii) that shares to be allocated pursuant to this delegation for existing shares carrying double voting rights will benefit from this right from the date of issue;
4. resolve that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation of power into effect, and in particular to:
   - determine the terms and conditions of the transactions authorized and in particular to define the amount and the nature of the reserves and premiums to be incorporated into capital, to determine the number of new shares to be issued or the amount by which the nominal value of existing shares making up the share capital is to be increased, and to determine the date from which new shares carry rights, even retroactively, or the date on which an increase in nominal value takes effect,
   - take all appropriate action and enter into all agreements conducive to the successful conclusion of transactions, to make all appropriate charges to available reserves, in

particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense; and, in general, to do all things necessary and effect all formalities required to finalize any capital increase or increases that may be effected pursuant to this delegation of powers and to make the relevant amendments to Company's articles of association;

5. excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end.

This delegation of powers conferred on the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from this day, replaces the delegation of powers provided for in the sixteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Nineteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities in favour of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders, in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labour Code and of Articles L. 225-129-2 to L. 225-129-6, L. 225-138-I, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and the Company's articles of association, the power to issue (i) shares of the Company, (ii) securities governed by Article L. 228-91 *et seq.* of the French Commercial Code which are capital securities of the Company giving access to other capital securities of the Company and/or entitling to debt securities of the Company, or (iii) securities governed or not by Articles L. 228-91 *et seq.* of the French Code of Commerce, giving access or liable to give access to capital securities of the Company to be issued, it being stipulated that these securities may confer, if applicable, access to existing capital securities and/or debt securities of the Company, on one or more occasions and in such amounts and at such times as it will determine, with waiver of shareholders' preferred subscription rights, directly or through a company investment fund or any other structures or entities allowed under prevailing laws and regulations, in favour of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of Article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants are allowed by Articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation to restrict a capital increase under equivalent conditions);

2. authorize the Board of Directors, in connection with such capital increase or increases, to allocate shares or other securities giving access to the share capital without consideration, in lieu of the discount provided for in point 4 below and/or of any supplement granted to employees, subject to the limits provided for in Article L. 3332-21 of the French Labour Code;

3. resolve that the total nominal amount of immediate or deferred capital increases that may be performed pursuant to this delegation of powers may not exceed €25 million, it being noted that this limit is before any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to Company shares. It is stipulated that the nominal amount of immediate and/or deferred capital increases under the present delegation of powers will count towards (i) the nominal limit of €100 million set by the fifteenth and sixteenth resolutions put to this General Meeting, and (ii) the overall limit set in the twenty-first resolution;

4. resolve that the subscription price of the new shares will be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision (namely, lower than the admission fee or this average by over 20% or 30% when the lock-up period prescribed by the plan is equal to 10 years or more), it being understood that the Board of Directors may reduce or cancel this discount if it deems it appropriate, in particular to comply with applicable national laws;

5. waive, in favor of the aforementioned beneficiaries, shareholders' preferred subscription rights in respect of the securities which may be issued under this authorization, and waive all shareholder claims on such free shares or securities giving access to the share capital as may be allocated under this resolution;

6. resolve further that, if the beneficiaries have not subscribed for the entire capital increase by the specified deadline, the increase will be effected only in the amount corresponding to the shares subscribed for, and unsubscribed shares may be re-offered to the affected beneficiaries as part of a subsequent capital increase;

7. confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, that may in particular be necessary to:
   - determine which participants or entities may benefit from the offer to subscribe and the maximum number of shares which may be subscribed by each beneficiary,
   - decide whether subscriptions may be made through an investment fund or directly, in accordance with prevailing law and regulation and any other requirements,
   - grant employees time to pay for their shares,
   - set the opening and closing dates for subscription, the terms and deadline for payment of subscribed shares and the issue price of the securities,
   - determine all features of the securities providing access to the Company's share capital,
   - decide on the number of new shares or other securities to be issued,
   - decide upon and take, following the issue of the shares and/or securities giving access to the capital of the Company, any action that may be necessary to protect the rights of holders of securities giving access to the Company's share capital in accordance with applicable laws and regulations and, if necessary, with applicable contractual stipulations, and, if necessary, to suspend the exercise of rights attached to these securities in accordance with applicable laws and regulations,
   - recognize resulting capital increases,
   - make the necessary amendments to the Company's articles of association,
   - make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense,
   - and, in general, do everything that may be useful and necessary under applicable laws and regulations, and in particular take any action necessary to arrange for admission to trading of the newly created shares.

This delegation of powers conferred on the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from this day, replaces the delegation of powers provided for in the seventeenth resolution at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Twentieth Resolution (Delegation of powers granted to the Board of Directors for the purpose of issuing shares or other complex securities as consideration for contributions in kind to the Company, with preferred subscription rights waived in favour of the holders of the shares or other securities constituting the contributions in kind)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, and being apprised of the Board of Directors' report and the auditors' special report, pursuant to Article L. 225-147 paragraph 6 of the French Commercial Code, shareholders delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, all necessary powers to issue (i) shares of the Company, (ii) securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code which are capital securities giving access to other capital securities and/or giving entitlement to the allocation of debt securities of the Company, or (iii) securities which represent debt obligations governed or not by Articles L. 228-91 *et seq.* of the French Code of Commerce, giving access or likely to give access to capital securities of the Company to be issued, it being stipulated that these securities may confer, if applicable, access to existing capital securities and/or debt securities of the Company, within the limit of 5% of share capital at the date of issue, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital when the provisions of Article L. 225-148 of the French Commercial Code are not applicable.

The nominal amount of the immediate or differed capital increases which may be effected pursuant to this delegation of powers is to count towards (i) the limit of €100 million provided for in the fifteenth and sixteenth resolutions put to this General Meeting, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, and (ii) the overall limit provided for in the twenty-first resolution.

The total nominal amount of debt securities issued pursuant to this delegation may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency). Further, the total nominal amount of debt securities issued pursuant to this delegation is to count towards (i) the total subject to the limit of €1 billion provided for in the fifteenth and sixteenth resolutions put to this General Meeting, and (ii) the overall limit on debt securities provided for in the twenty-first resolution.

If use of this delegation is to be made, the Board of Directors will consider the report of one or several contribution auditors as referred to in Article L. 225-147 of the French Commercial Code.

Shareholders resolve to waive, in favor of the holders of the securities constituting the contributions in kind, the preferred subscription right of holders of shares to shares or other securities so issued, and observe that this delegation incorporates a waiver by holders of shares to the preferred right to subscribe to ordinary shares of the Company to which the securities that would be issued under this resolution would entitle them.

Shareholders grant to the Board of Directors all powers necessary to put this delegation into effect, in particular to approve valuations of contributions and, relating to such contributions, to recognize their effects, charge all expense, costs and fees to premiums; to set the number, form and features of securities to be issued; to recognize the increases in capital and make relevant amendments to Company's articles of association; to arrange for trading of the shares and complex securities to be issued; to make all appropriate charges to contribution premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of new share capital after each issue and for issue expense and, in general, to take all relevant initiatives, enter into all agreements, request any authorizations, effect all formalities and take any action necessary to ensure the satisfactory performance of issues.

Excepting prior approval of the General Meeting of shareholders, the Board of Directors will not be able to make use of the present delegation, from the date of the filing, by a third party, of a tender offer on the shares of the Company, until its end.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and, from this day, replaces the delegation of powers provided for in the eighteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2014, to the extent not used.

Twenty-first Resolution (Total limit on delegations of power)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders define as follows the total limits on issues that may be made pursuant to the delegations of powers to the Board of Directors under the fourteenth, fifteenth, sixteenth, seventeenth, nineteenth and twentieth resolutions put to this General Meeting:

- the total nominal amount of capital increases resulting from the issue of shares and securities may not exceed €200 million, this being however subject to such increase as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company;
- the total nominal amount of bonds or other debt securities issued may not exceed €2 billion or the equivalent if an issue is made in a foreign currency or units of account.

Twenty-second 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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