

## 6.2 - COMPENSATION AND BENEFITS OF COMPANY OFFICERS

### 6.2.1 - Compensation policy for company officers in respect of 2020

The compensation policy for company officers in respect of 2020 was articulated by the Board of Directors in accordance with article L. 225-37-2 of the French Commercial Code, on the recommendation of the Compensation Committee.

It is presented below in a clear and comprehensible manner, as well as in the corporate governance report required by the final paragraph of article L. 225-37 of the French Commercial Code, which appears in Appendix 2 of this Universal Registration Document.

#### 6.2.1.1 OBJECTIVES, PRINCIPLES AND RULES USED TO DETERMINE AND IMPLEMENT THE COMPENSATION POLICY APPLICABLE TO ALL COMPANY OFFICERS

##### Objectives and principles of the compensation policy

The compensation policy for company officers is determined by the Board of Directors upon the recommendation of the Compensation Committee taking into account the principles mentioned in the Code of Corporate Governance, namely: comprehensiveness, balance between compensation components, comparability, consistency, understandability of the rules and proportionality.

The Board of Directors ensures that the compensation policy is aligned with the Company's corporate interest, is in line with market practice for comparable companies, is tailored to the Company's strategy and situation and is intended to boost the Company's performance and competitiveness in the medium and long term, while also accommodating its social and environmental responsibilities.

The principles underpinning the compensation policy for company officers in 2020 remain essentially unchanged compared to 2019. Long-term profitable growth and value creation, taking into account all stakeholders' concerns, within a broad definition of the business, are central to the Company's compensation policy and practices:

- total compensation should be balanced and consistent with the Company's business strategy;
- the compensation structure (and variable compensation based on financial and extra-financial performance in particular) should be aligned with shareholders' interests and contribute to the Company's profitable and sustainable growth;

- performance criteria should be stringent and correspond to the key drivers of the Company's profitable and sustainable growth, and more generally be aligned with the Company's short- and long-term objectives;
- a significant proportion of variable compensation is based on the Company's performance relating to corporate social responsibility;
- lastly, in keeping with its corporate interest, the compensation policy, which is intended to be simple and transparent, must ensure a certain level of attractiveness for company officers without going beyond what is fair and acceptable to stakeholders.

The compensation policy thereby helps to underpin the Company's business strategy and sustainability, while upholding its corporate interests.

##### Decision-making process for formulating, adjusting and implementing the compensation policy

###### Policy formulation

The compensation policy for company officers is laid down every year by the Board of Directors on the recommendation of the Compensation Committee.

The Compensation Committee ensures that all the objectives and principles presented above are applied strictly in its work and in the recommendations it makes to the Board of Directors concerning the compensation policy applicable to company officers.

As regards the executive officers, the Compensation Committee examines and makes proposals to the Board of Directors concerning all compensation components making up their compensation policy, including how the variable portion of their compensation should be determined. To achieve this, it lays down the rules for setting this variable portion, while ensuring that these rules are consistent with the annual performance review of the executive officers and with Legrand's medium-term strategy.

As regards directors' compensation, the Compensation Committee issues a recommendation on the overall allocation and method of apportionment for this compensation, which reflects directors' actual contribution to the Board and its Committees, in accordance with the Code of Corporate Governance, with the variable portion outweighing the fixed portion.

The compensation policy for company officers is laid down by the Board of Directors on the recommendation of the Compensation Committee, in accordance with standard practice at CAC 40 companies as determined by benchmarking. It is assessed on an annual basis by the Compensation Committee and analyzed in detail, with Legrand's position within the CAC 40 index considered as part of this.

The compensation policy for company officers also takes into consideration the pay and employment conditions of the Company's employees. The Board of Directors, on the recommendation of the Compensation Committee, ensures that the compensation structure of its company officers and in particular of the Chief Executive Officer are consistent with that applicable to the Group's main executives, which means that it should be made up of fixed compensation and variable compensation (annual and long-term). Even so, the Compensation Committee may propose, and the Board of Directors may decide to set distinct or specific long-term compensation performance criteria for the company officers that are not the same as those applicable to the Group's other executives.

The first three main performance criteria set for long-term compensation are the same as for all beneficiaries.

In addition, the Board of Directors, acting on the recommendation of the Compensation Committee, has factored compensation criteria related to the employment conditions of the Group's employees into the targets for the qualitative portion of the Chief Executive Officer's variable compensation. Accordingly, measures to promote diversity and gender balance in the workforce and, in addition, workforce-related initiatives and dialog are assessed in respect of the general criteria for the qualitative portion of the Chief Executive Officer's annual variable compensation.

### Adjustments

In accordance with the Code of Corporate Governance, executive officers' fixed compensation is reviewed only at relatively infrequent intervals. During this review, the Compensation Committee takes into consideration changes in the compensation and employment conditions of the Company's employees when making its recommendations to the Board of Directors.

The fixed compensation policy for the company officers may still be reviewed by the Board of Directors earlier than anticipated in the event of significant changes in the scope of the company officers' responsibilities or a major shift in the positioning of company officers' compensation with regard to that at other comparable companies.

The variable compensation policy (specifically including the targets for the annual variable portion and the performance conditions for the performance shares) is reviewed on a regular basis in accordance with the Group's strategic priorities.

### Implementation of the compensation policy

The compensation policy is implemented by the Board of Directors in accordance with the resolutions passed by the Shareholders' Meeting.

On the recommendation of the Compensation Committee, the Board of Directors sets every year the targets for the variable compensation (annual and long-term) performance criteria.

### Management of conflicts of interest

In accordance with the Code of Corporate Governance and the internal rules of the Board of Directors and its Board Committees, executive officers are not present in meetings when the Board of Directors makes decisions concerning their compensation.

In the event of a potential conflict of interest affecting formulation of the compensation policy for executive officers by the Compensation Committee, the Board of Directors may decide to entrust the task to an Ad Hoc Committee.

### Methods for assessing achievement of the performance criteria set for variable compensation

The first two criteria for the quantitative portion of annual variable compensation (that is, organic growth in sales and adjusted operating margin before acquisitions) are aligned with the public targets announced by the Company in February 2020, which means they are transparent and measurable.

The third criterion for the quantitative portion of annual variable compensation (that is, external growth), is measured by sales growth through acquisitions.

The rate of achievement of the Group's CSR roadmap, which is audited by independent third parties, represents the fourth criterion influencing the quantitative portion of annual variable compensation.

As regards the criteria for the qualitative portion of annual variable compensation, their rate of achievement is left to the appreciation of the Board of Directors based on the recommendation of the Compensation Committee, which forms its assessment using information provided by management.

The Board of Directors (where appropriate, based on a proposal made by the Compensation Committee) may alter, change and adapt the performance criteria adopted for annual variable compensation.

### Methods for assessing achievement of the performance criteria set for long-term compensation

The first two criteria set for long-term compensation (that is, organic growth in sales and adjusted operating margin before acquisitions) are aligned with the public targets announced by the Company in February 2020, which means they are transparent and measurable.

The rate of achievement of the Group's CSR roadmap, which is audited by independent third parties, represents the third criterion for long-term compensation.

The fourth criterion for long-term compensation is based on performance of Legrand's share price relative to the CAC 40 index. This fourth criterion is thus transparent and measurable.

The Board of Directors (where appropriate, based on a proposal made by the Compensation Committee) may alter, change and adapt the performance criteria adopted for the variable compensation (long-term).

### Criteria for apportioning the annual fixed allocation for directors

The criteria for apportioning compensation between directors are presented in section 6.2.1.4 Compensation policy applicable to the directors in respect of 2020 of this Universal Registration Document.

### Alteration of the compensation policy

As stated in sections 6.2.1.2 "Compensation policy applicable to the Chairman of the Board of Directors in respect of 2020" and 6.2.1.4 "Compensation policy applicable to the directors in respect of 2020", the Board of Directors, acting on the recommendation of the Compensation Committee, decided to leave unchanged the compensation policy applicable to the Chairman of the Board of Directors.

As far as the compensation policy applicable to the Chief Executive Officer in respect of 2020 is concerned, as stated in section 6.2.1.3 of this Universal Registration Document, the Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.

Accordingly, Benoît Coquart will receive the same amount of fixed compensation of €700,000 in respect of 2020 as he did in 2019.

The Board of Directors decided at its meeting on March 19, 2020, based on a proposal made by the Compensation Committee, to make adjustments to certain criteria of the qualitative portion of the Chief Executive Officer's annual variable compensation to better align the compensation policy applicable to him with the Group's medium-term strategy. It is worth noting that at the Shareholders' Meeting on May 29, 2019, the compensation policy for the Chief Executive Officer was approved by the vast majority (93% of votes in favor) of the Company's shareholders. These adjustments are presented in section 6.2.1.3 Compensation policy applicable to the Chief Executive Officer in respect of 2020 in this Universal Registration Document. The other components of the Chief Executive Officer's compensation remain unchanged compared to 2019.

### Arrangements for application of the compensation policy in the event of a potential change in governance or exceptional circumstances

In the event of a change in governance (including should a new executive officer be appointed) during 2020, the principles and components of compensation laid down in the compensation policy applicable for 2020 would also apply to the new office holder, it being specified that the Board of Directors reserves the right, on the recommendation of the Compensation Committee, to adjust the level and structure of compensation (in particular the fixed compensation) to the position of the relevant new executive officer and the responsibilities entrusted with the role.

The recruitment of a new executive officer could also require new components of compensation to be offered.

In accordance with the second paragraph of III of article L. 225-37-2 of the French Commercial Code, the Board of Directors may depart in exceptional circumstances from application of the components of the compensation policy provided that such deviation is temporary, in keeping with the corporate interest and necessary to safeguard the continued operation or viability of the Company.

The compensation components in respect of which derogations are possible include the fixed and variable compensation of the company officers. For example, it could be necessary to adjust the performance conditions governing the vesting of some or all of the components of company officers' compensation. Adjustments may lead either to an increase or decrease in the relevant compensation components.

The Board of Directors will decide on any adjustments to the compensation policy in exceptional circumstances, based on a proposal by the Compensation Committee. These will have to be duly explained by the Board of Directors (after soliciting, where appropriate, the opinion of an independent consulting firm).

### 6.2.1.2 COMPENSATION POLICY APPLICABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS IN RESPECT OF 2020

#### A – Term of office of the Chairman of the Board of Directors

The Board of Directors elects from among its members a Chairman who must be below the age of 65 upon appointment. The Chairman may be reappointed for consecutive terms without limit. The Board of Directors may resign from his/her duties at any time (without giving any notice), and the Board of Directors may dismiss him/her at any time (without giving any notice).

Gilles Schnepf was appointed Chairman of the Board of Directors on February 8, 2018, following the Board of Directors' decision to separate the offices of Chairman of the Board of Directors and of Chief Executive Officer.

A change to the governance arrangements was announced on February 28, 2020 consisting in the appointment of Angeles Garcia-Poveda to chair the Board of Directors of the Company effective July 1, 2020 as a replacement for Gilles Schnepf. Please refer to the press release entitled "Change to Legrand's governance" available on the Group's website for more information about the subject.

The term of office of the Chairman of the Board of Directors is the same as the length of his/her term of office as a director. That currently stands at four years, but a shorter term of office of 3 years will be proposed for shareholders' approval at the forthcoming Shareholders' Meeting on May 27, 2020. If approved, it would apply to Angeles Garcia-Poveda's term of office as her reappointment is being proposed for shareholder approval at the same Shareholders' Meeting.

The Chairman of the Board of Directors is not bound by any contract of employment or service agreement with the Company or any other Group company.

## **B – Compensation of the Chairman of the Board of Directors in respect of 2020**

The annual fixed compensation of the Chairman of the Board of Directors is determined by the Board of Directors, upon a proposal from the Compensation Committee, in accordance with the principles stated in section 6.2.1.1 of this chapter, and in line with the responsibilities and duties assumed by the Chairman and related to that office, as provided for by law, the Articles of Association and the internal rules. The main factors used to determine this compensation are: (i) the key role of the Chairman of the Board of Directors in connection with all the responsibilities of the Board of Directors and its committees (ii) benchmarking studies analyzing the compensation awarded to non-executive chairmen of CAC 40 companies, and (iii) the skills and experience of the prospective Chairman of the Board of Directors.

Accordingly, in line with the principles of its compensation policy presented above, the Board of Directors decided at its meeting on March 19, 2020, and upon the recommendation of the Compensation Committee, taking market practices into account and in accordance with the recommendations of the Code of Corporate Governance, as that for 2019, the compensation structure that is most suited to the Chairman of the Board of Directors in respect of 2020 consisted in making fixed compensation the one and only compensation component. The Board of Directors decided at its March 19, 2020 meeting that the annual fixed compensation of the Chairman of the Board of Directors will amount to €625,000 for 2020, the same as that granted to the Chairman of the Board of Directors in respect of 2019.

As part of the change in the Company's governance arrangements effective July 1, 2020, the Board of Directors, acting on the recommendation of the Committee responsible for overseeing the change in the Company's governance and based on the benchmarking studies of non-executive chairmen of comparable CAC 40 companies, decided that the compensation for the new Chairwoman of the Board of Directors, Angeles Garcia-Poveda, would be identical to the compensation received by Gilles Schnepf, that is, annual fixed compensation of €625,000. The annual fixed compensation of the Chairman of the Board of Directors will be split on a pro rata basis between the Chairman serving from January 1 until June 30, 2020 (Gilles Schnepf) and the Chairwoman serving from July 1 until December 31, 2020 (Angeles Garcia-Poveda).

No other compensation is provided for in the compensation policy applicable to the Chairman of the Board of Directors (that is, no annual variable compensation, no long-term compensation, no compensation for serving as a director of the Company, no exceptional compensation, no commitment under the arrangements provided for by 6° and 7° of article R. 225-29-1 of the French Commercial Code). This applies subject to and without prejudice to Gilles Schnepf's continued benefit from the 2017 performance share plan (as stated below).

In addition, the compensation policy does not provide for any sign-on bonus upon the appointment of the new Chairman of the Board of Directors.

## **Long-term compensation plans settled in shares benefiting Gilles Schnepf**

At the date Gilles Schnepf's duties as Chairman of the Board of Directors come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the performance share plan approved by the Board of Directors on May 31, 2017.

The number of performance shares Gilles Schnepf was initially granted under the 2017 performance share plan stands at 12,503.

As stated on page 200 of Legrand's 2017 registration document, the 2017 performance share plan is subject to a four-year vesting period running until June 17, 2021. It is subject to performance conditions and a condition of continuing service, with the Board of Directors having the option of lifting the latter condition where justified by exceptional circumstances.

The Board of Directors decided, on the recommendation of the Compensation Committee, given the exceptional contribution made by Gilles Schnepf to Legrand's development, to lift the condition of continuing service, while applying the pro rata rule, which means that the number of performance shares from which Gilles Schnepf would benefit, after taking the performance conditions into account, would be scaled down on a pro rata basis to reflect his actual length of service as an executive officer during the vesting period (that is 3 years and 13 days, rather the full vesting period of 4 years). The maximum number of performance shares vesting definitively with Gilles Schnepf under the 2017 performance share plan would thus be reduced to 10,632, after taking a performance condition achievement rate of 111.6% into account.

All the other conditions of the 2017 performance share plan and, in this case, the vesting period until June 17, 2021 would be left unchanged.

The condition of continuing service applicable to the 2017 performance share plan will be submitted for the approval of the Shareholders' Meeting of May 27, 2020 under the seventh resolution concerning the compensation policy applicable to the Chairman of the Board of Directors.

### **6.2.1.3 COMPENSATION POLICY APPLICABLE TO THE CHIEF EXECUTIVE OFFICER IN RESPECT OF 2020**

#### **A – Term of office of the Chief Executive Officer**

The Chief Executive Officer is appointed by the Board of Directors. The Board of Directors determines the compensation and length of the Chief Executive Officer's duties. The Chief Executive Officer must always be an individual below the age of 65 upon appointment. The Chief Executive Officer may resign from his/her duties at any time (without giving any notice), and the Board of Directors may dismiss him/her at any time (without giving any notice).

Benoît Coquart was appointed Chief Executive Officer effective February 8, 2018 for an indefinite term.

His appointment as a director of the Company will be submitted for the approval of the Shareholders' Meeting of May 27, 2020 under the fourteenth resolution.

The Chief Executive Officer is not bound by any contract of employment or service agreement with the Company or any other Group company.

#### **B – Overall structure of compensation attributable to the Chief Executive Officer in respect of 2020**

Upon the recommendation of the Compensation Committee, the Board of Directors, taking into account market practices and in accordance with the recommendations of the Code of Corporate Governance, determines the compensation policy applicable to the Chief Executive Officer based on all the criteria and principles stated in section 6.2.1.1 of this chapter.

To safeguard the competitiveness of the Chief Executive Officer's compensation, the principal factors taken into account to determine the overall structure of his compensation and its various components and caps are as follows: (i) the key role of the Chief Executive Officer in conducting the Group's business, (ii) benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies, and (iii) the skills and experience of the prospective or actual holder of the position of Chief Executive Officer.

The compensation structure has three components:

- fixed compensation;
- annual variable compensation linked to financial and extra-financial performance;
- long-term compensation linked to financial and extra-financial performance over the long term. Depending on the year, this can take the form of one or more of the following financial instruments (including but not limited to):
  - performance shares,
  - stock options,
  - cash-settled future performance units.

To this end, the annual fixed compensation of the Chief Executive Officer is determined by the Board of Directors, upon a proposal from the Compensation Committee, in line with the responsibilities and duties assumed by the Chief Executive Officer and related to that office, as provided for by law and the Articles of Association. This fixed compensation is determined by the Board of Directors to be fair and competitive, on the recommendation of the Compensation Committee in consideration of the level of responsibility, experience, market practices of CAC 40 companies and any changes in the role and responsibilities attached to the office.

In accordance with the Code of Corporate Governance, the Board of Directors ensures that the long-term compensation mechanisms should not only aim to encourage executives to act from a long-term perspective but also to retain them and bring their interests into line with the corporate interest of the Group and with shareholders' interests.

The Board of Directors has therefore decided to continue placing the emphasis on annual variable compensation and long-term compensation to help foster retention and to provide an incentive linked to financial and extra-financial performance as well as long-term value creation.

On the Compensation Committee's recommendation, the Board of Directors decided on March 19, 2020 that the structure of Benoît Coquart's compensation for 2020 in his role as Chief Executive Officer would be the same as that approved for 2019.

The Board of Directors has therefore established the following compensation package for the Chief Executive Officer in 2020:

Component	Purpose and link with strategy	Operation	Amount/Percentage weighting of fixed compensation
Fixed	Provide compensation for the breadth and level of responsibility	<p>Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of</p> <ul style="list-style-type: none"> <li>■ level of responsibility;</li> <li>■ experience;</li> <li>■ market practices of CAC 40 companies;</li> <li>■ potential changes of role and responsibility.</li> </ul>	<p>€700,000</p> <p>The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.</p>
Annual variable	Provide an incentive to achieve the Company's financial and extra-financial annual targets	<p>Determined by the Board of Directors, upon a recommendation from the Compensation Committee, according to strategic priorities, and based on:</p> <ul style="list-style-type: none"> <li>■ order of magnitude of variable compensation relative to fixed compensation;</li> <li>■ annual objectives to be achieved;</li> <li>■ type and weighting of performance criteria;</li> <li>■ proportion of quantifiable and qualitative component.</li> </ul> <p><b>Of which quantitative (75%):</b> structured so as provide an incentive for the achievement of specific and ambitious performance criteria:</p> <ul style="list-style-type: none"> <li>■ financial criteria (adjusted operating margin before acquisitions, organic growth, external growth);</li> <li>■ extra-financial criteria (rate of achievement of the Group's CSR roadmap).</li> </ul> <p><b>Of which qualitative (25%):</b> structured so as to take account of the year's initiatives deployed to support growth and crisis management.</p>	<p>Minimum value: 0% of fixed compensation</p> <p>Target value: 100% of fixed compensation</p> <p>Maximum value: 150% of fixed compensation</p>
Long-term	Spur higher long-term financial and extra-financial performance Retain and build loyalty over the long term	<p>Determined by the Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities and based on:</p> <ul style="list-style-type: none"> <li>■ objectives to be achieved;</li> <li>■ type and weighting of future performance criteria.</li> </ul> <p>Determined after application of a continuing service requirement and four demanding performance criteria (each counting for a quarter) measured over three years:</p> <ul style="list-style-type: none"> <li>■ target for adjusted operating margin before acquisitions (3-year average of achievement rates);</li> <li>■ target for organic sales growth (3-year average of achievement rates);</li> <li>■ rate of achievement of the Group's CSR roadmap (3-year average of achievement rates);</li> <li>■ Legrand's share price performance relative to the performance of the CAC 40 index (performance gap measured over a 3-year period).</li> </ul>	<p>Minimum value: 0%</p> <p>Awarded value (target value): 200% of fixed compensation, reduced to 100% following Benoît Coquart's proposal and the decision made by the Board of Directors as described below</p> <p>Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria</p> <p>In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for the long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).</p>

### Implementation for 2020

The Board of Directors, acting on the recommendation of the Compensation Committee, approved the following principles regarding the compensation policy applicable to the Chief Executive Officer in respect of 2020:

- **annual fixed compensation amounting to €700,000.** The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019. Initially, the Board of Directors had decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies;
- **variable compensation, the target value of which was set at 100% of fixed compensation (three-quarters quantitative and one-quarter qualitative),** potentially ranging between 0% and 150% of fixed compensation, depending on the level of achievement of the predefined quantitative and qualitative criteria presented in the "Quantitative performance criteria selected for annual variable compensation and target-setting method" section;
- **long-term compensation in the form of performance share plans,** the target value of which was set at 200% of the fixed compensation, subsequently cut to 100% following Benoît Coquart's proposal and the decision made by the Board of Directors presented below, which will carry entitlement, in certain cases, to the award of shares. The number of shares will lie between 0% and 150% of the initial award based on the level of achievement of four financial and extra-financial criteria measured on the basis of a 3-year average and presented in the "Performance criteria selected for long-term variable compensation and target-setting method" section of this Universal Registration Document. In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided at its meeting on April 10, 2020, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for

long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

### C – Determination of the calculation principles, criteria and weightings applicable to the annual and long-term variable compensation components attributable to the Chairman and Chief Executive Officer in respect of 2020

#### Annual variable compensation of the Chief Executive Officer in respect of 2020

The principles for calculating the annual variable compensation in respect of 2020, including the criteria applicable and their weighting, as shown in the table below, were determined by the Board of Directors on March 19, 2020, on the recommendation of the Compensation Committee.

Pursuant to the arrangements laid down in III of Article L. 225-100 of the French Commercial Code, payment of the annual variable compensation is contingent upon its prior approval by the Ordinary Shareholders' Meeting (ex post vote).

The compensation policy does not provide for any possibility for the Company to claw back variable compensation paid once it has been paid.

At its meeting on March 19, 2020, on the recommendation of the Compensation Committee, the Board of Directors decided to leave unchanged the nature and weightings of quantitative criteria applicable to annual variable compensation that had been established for 2019, along with its target value and maximum amounts.

Given the context of the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were suspended by the Company on March 26, 2020. The values included in the table below are the original targets.

The following changes relative to 2019 should be noted concerning the qualitative criteria of annual variable compensation: (i) clarification of the criteria related to organic growth and the external growth policy, (ii) addition of a new criterion related to sustainable development and efforts to combat global warming, and (iii) a reduction in the weighting given to the external growth policy. These changes increase the number of qualitative criteria to four from three in 2019, but they do not have any effect on the overall weighting of the qualitative portion of annual variable compensation within the total annual variable compensation.

#### Quantitative performance criteria selected for annual variable compensation and target-setting method

Performance criterion	Reason for selection of the criterion	Target-setting method
Organic sales growth	Alignment with annual targets announced	The range bounds for the performance targets correspond to the Company's annual targets, announced to the market upon publication of the annual financial statements of the previous year (in February).
Adjusted operating margin before acquisitions	Alignment with annual targets announced	
Acquisitions	Consistency with the Group's growth model	Consistency with the Group's growth model (measured by sales growth during the year resulting from changes in scope).
Achievement rate of the CSR roadmap	The CSR roadmap is central to the Group's growth model. It aims to ensure that the Group achieves profitable, sustainable growth while respecting all commitments under its CSR roadmap. stakeholders.	Consistency with the Group's social responsibility commitments.

**Criteria and targets for annual variable compensation for 2020**

			Min	Target	Max	
<b>Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation</b>	Organic sales growth	2020 organic sales growth	As a % of fixed compensation	0%	15%	22.5%
		Indicator value		(1%)	1%	3%
	Operating margin	2020 adjusted operating margin (at 2019 scope)	As a % of fixed compensation	0%	40%	60%
		Indicator value		19.6%	20.0%	20.4%
	Acquisitions	2020 sales growth resulting from changes in scope	As a % of fixed compensation	0%	10%	15%
		Indicator value		0%	5%	10%
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	10%	15%
			Indicator value	70%	100%	130%
	<b>TOTAL QUANTITATIVE</b>			<b>0%</b>	<b>75%</b>	<b>112.5%</b>
	<b>Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation</b>	Innovation and market positions	Innovation and Research & Development (new products and manufacturing processes), trend in sales generated by products under the Eliot program, market share trends.		0%	10%
Quality of external growth		Strategic fit of acquisitions completed, quality of acquisitions pipeline, emphasis on multiples paid, quality of integration of acquisitions already completed.		0%	5%	7.5%
Sustainable development & efforts to combat global warming		Initiatives to cut CO2 emissions, trend in sales generated by energy savings solutions, Legrand's inclusion in benchmark CSR indices, new initiatives related to sustainable development.		0%	5%	7.5%
General criteria		Crisis management, diversity and gender balance, workforce-related initiatives and dialog.		0%	5%	7.5%
<b>TOTAL QUALITATIVE</b>			<b>0%</b>	<b>25%</b>	<b>37.5%</b>	
<b>TOTAL VARIABLE AS A % OF FIXED COMPENSATION</b>			<b>0%</b>	<b>100%</b>	<b>150%</b>	

**Long-term compensation of the Chief Executive Officer in respect of 2020**

In respect of 2020, the Chief Executive Officer's long-term compensation consists of a performance share plan (the "2020 Performance Share Plan"), decided by the Board of Directors at its meeting on March 19, 2020 on the recommendation of the Compensation Committee. This initial award, which will be converted into shares when the Board of Directors meets on May 27, 2020 after the 2020 General Meeting, stands at a target value of 200% of fixed compensation, now reduced to a target value of 100% of fixed compensation following the decision by the Board of Directors laid out below. Depending on future performance criteria, it may vary between 0% and 150% of the initial award.

In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided at its meeting on April 10, 2020, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

The nature of performance criteria has remained unchanged compared to the 2019 compensation policy.

In addition, given the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were

suspended by the Company on March 26, 2020. The values included in the tables below are the original targets.

**Performance criteria selected for long-term variable compensation and target-setting method**

It should be noted that:

- the first two performance criteria are aligned with the Company's targets disclosed in February. These are annual targets concerning adjusted operating margin before acquisitions and organic sales growth. These indicators are central to Legrand's profitable growth-based business model;
- the third criterion is of an extra-financial nature, based on the fulfillment of the Group's commitments in terms of corporate social responsibility within the framework of its CSR roadmap, which is central to Legrand's model and aims to ensure sustainable growth while taking into account all stakeholders' concerns;
- the last criterion is based on Legrand's share price performance relative to that of the CAC 40 index, so performance is assessed in relative terms, it being specified that no payment would be made if the share price underperforms the CAC 40 index (as outlined in point 4 below).



The proposed performance criteria thus reflect the Company's model based on profitable and sustainable growth aligned with the interests of shareholders and are transparent.

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group's CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

Accordingly, the performance criteria are measured over a three-year period and the number of performance shares awarded definitively to the Chief Executive Officer is calculated using the following method:

#### 1) Organic sales growth criterion

Payment rate <sup>(1)</sup>	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR <sup>(2)</sup> - 2 points)	Between (LR <sup>(2)</sup> - 2 points) and LR <sup>(2)</sup>	Equal to LR <sup>(2)</sup>	Between LR <sup>(2)</sup> and UR <sup>(3)</sup>	Equal to UR <sup>(3)</sup>	Between UR <sup>(3)</sup> and (UR <sup>(3)</sup> + 2 points)	Higher than (UR <sup>(3)</sup> + 2 points)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

#### Determination of the 3-year target based on the 2020 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to -1.0% <sup>(4)</sup>	Equal to 3.0% <sup>(4)</sup>
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	LR <sup>(2)</sup>	UR <sup>(3)</sup>

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

#### 2) Adjusted operating margin before acquisitions criterion

Payment rate <sup>(1)</sup>	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR <sup>(2)</sup> - 50 bps)	Between (LR <sup>(2)</sup> - 50 bps) and LR <sup>(2)</sup>	Equal to LR <sup>(2)</sup>	Between LR <sup>(2)</sup> and UR <sup>(3)</sup>	Equal to UR <sup>(3)</sup>	Between UR <sup>(3)</sup> and (UR <sup>(3)</sup> + 50 bps)	Higher than (UR <sup>(3)</sup> + 50 bps)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

**Determination of the 3-year target based on the 2020 award plan**

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to 19.6% <sup>(4)</sup>	Equal to 20.4% <sup>(4)</sup>
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	LR <sup>(2)</sup>	UR <sup>(3)</sup>

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

**3) Annual Group CSR roadmap rate of achievement**

Payment rate <sup>(1)</sup>	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	150%
Arithmetic average over a 3-year period of the CSR roadmap annual achievement rates	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

**4) Legrand's share price performance**

Payment rate <sup>(1)</sup>	0%	30%	Between 30% and 150%	150%
Difference between the performance of Legrand's share price and that of the CAC 40 index <sup>(2)</sup>	Below 0 point	Equal to 0 point	Between 0 point and 15 points	Above 15 points

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) For the 2020 plan, the three-year performance will be measured over the 2020-2022 period with the following calculation method:

- Legrand stock market performance: comparison of the average daily closing prices of the second half of the third year of the plan (second half of 2022) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2019, i.e. €67.24;
- performance of the CAC 40 index: comparison of the average CAC 40 daily closing indices of the second half of the third year of the plan (second half of 2022) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2019), i.e. 5,655.4 points.

The difference between these two performances will be measured by the difference, in percentage points, between the change in the Legrand share price and the change in the CAC 40 index.

**Vesting period and outcome of performance shares in the event that the Chief Executive Officer departs before the end of the vesting period**

The vesting period for the Chief Executive Officer is three years, while the (additional) holding period is two years. At the end of the vesting period of the performance shares awarded in 2020, the performance criteria and the condition of continuing service will be verified, it being stipulated that the following rules will apply to the Chief Executive Officer with regard to the condition of continuing service:

- should the Chief Executive Officer resign during the vesting period, the shares initially awarded by the Board of Directors will not vest;
- should the Chief Executive Officer be dismissed, not be reappointed or retire during the vesting period, only part of the shares will vest, subject to the performance criteria on the date the vesting period ends, calculated in proportion to his length of service at the Company during the vesting period;
- in the event of death during the vesting period, the Chief Executive Officer's heirs may request that ownership of all shares that the Board of Directors initially awarded to

the deceased Chief Executive Officer be transferred to them, in accordance with statutory arrangements, without waiting until the end of the vesting period;

- in the event that the Chief Executive Officer becomes permanently disabled, within the meaning of French law or that of his country of residence, he or she may, under French law, request that ownership of all shares that the Board of Directors initially awarded be transferred to him/her without waiting until the end of the vesting period.

**Holding obligation**

Pursuant to article L. 225-197-1 II of the French Commercial Code specified in the Code of Corporate Governance, the Chief Executive Officer must retain in registered form a certain percentage, to be determined by the Board of Directors, of the shares awarded until his/her term of office ends.

The Board of Directors decided that the Chief Executive Officer will be required to hold at least 30% of all performance shares acquired under performance share plans until his term of office ends.

**Undertaking not to put in place any hedging transactions**

It is specified that the Company has not put in place any hedging instruments for performance shares. Furthermore, the Chief Executive Officer has formally undertaken to refrain from using any hedging instruments in relation to the performance shares awarded to him.

**C – Other compensation components****Compensation for duties as a director of the Company and for directorships at other Group companies**

No compensation will be awarded to the Chief Executive Officer for serving as a director should shareholders pass the fourteenth resolution at the Shareholders' Meeting of May 27, 2020, which would lead to his appointment as a director.

In addition, the Chief Executive Officer will not receive any compensation for any appointments to offices at other Group companies.

**Exceptional compensation**

There are no plans to award exceptional compensation.

**Undertakings governed by 4° of I of article L. 225-37-3 of the French Commercial Code****Pension plans**

There is no commitment corresponding to a defined-benefit pension plan.

The Chief Executive Officer continues to benefit from the mandatory collective defined-contribution pension plan that falls within the scope of supplementary article 83 of the French General Tax Code, applicable to the Group's French executives, to which he was affiliated before his appointment as Chief Executive Officer, under the same terms as all other relevant employees.

All of the Group's French executives qualify for the defined-contribution pension plan (supplementary article 83 of the French General Tax Code). Contributions are based on the A, B and C Tranches of compensation as defined for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). Entitlements accrue through the payment of annual contributions equal to 1.5% of the A, B and C Tranches. The Company pays half this amount (0.75%) and the beneficiaries pay the other half (0.75%).

For 2020, the Company's contribution for the Chief Executive Officer would represent an amount of €2,468.

In accordance with the procedure relating to related-party agreements and undertakings at the time, this commitment was authorized by the Board of Directors on February 7, 2018 and approved by the Company's shareholders at the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).

**Termination benefits**

The Chief Executive Officer does not benefit from any undertaking covering components of compensation, indemnities or other benefits that are or may be due as a result of or subsequent to the termination of his term of office or assignment to a different position ("golden parachutes"), even in the event of a change in control of the Company.

**Non-compete clause**

Given the profile of the Chief Executive Officer and to protect the interests of the Company and its shareholders, the meeting of the Board of Directors held on March 20, 2018, on the recommendation of the Compensation Committee, authorized a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to carry out any activity that will compete with that of Legrand for a one-year period starting from the date his term of office ends.

The Company's Board of Directors will decide, when the Chief Executive Officer's term of office ends, whether or not to apply this non-compete clause, and may unilaterally decide to waive the application of this clause.

If applied, the Chief Executive Officer's fulfillment of this undertaking would result, for a one-year period after the end of his term of office as Chief Executive Officer, in the payment by the Company of monthly compensation equal to the monthly average of the reference salary received during the last twelve months of his service at the company, it being stipulated that the reference salary includes the annual fixed and variable salary and excludes sums received as long-term variable compensation, which will be an amount lower than the cap recommended by the Code of Corporate Governance.

In accordance with III of article R. 225-29-1 of the French Commercial Code, no compensation under this non-compete clause would be payable should the Chief Executive Officer decide to retire.

The Company's shareholders approved that commitment made to the Chief Executive Officer at the Combined Shareholders' Meeting of May 30, 2018 (seventh resolution), in accordance with the procedure for approving related-party agreements and undertakings in force.

**Incentive and profit-sharing plan**

The Company has for many years implemented an exceptional incentive and profit-sharing plan covering all its employees and those of its main French subsidiaries. The Chief Executive Officer has no longer enjoyed the benefit of this plan since he was appointed as Chief Executive Officer on February 8, 2018.

**Other non-monetary compensation components (executive car, pension plan, supplementary health insurance coverage)**

The Chief Executive Officer has the use of an executive car.

Furthermore, at its meeting held on February 7, 2018, the Board of Directors decided that the Chief Executive Officer would continue to benefit from "medical expenses" supplementary health insurance and "death, disability and inability to work" insurance available to the Group's French executives, since he is classified as an executive for social security and tax purposes. He receives those benefits on the same terms as the other employees in that category.

For 2020, the Company's contribution for Benoît Coquart is estimated at €6,666. This figure is provided for information purposes only.

The Company's shareholders approved that commitment made to the Chief Executive Officer at the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution), in accordance with the procedure for approving related-party agreements and undertakings in force.

#### Sign-on bonuses

The Chief Executive Officer did not receive any compensation for taking up his duties, intended to make up for the loss of benefits resulting from his appointment.

#### 6.2.1.4 COMPENSATION POLICY APPLICABLE TO THE DIRECTORS IN RESPECT OF 2020

##### A – Directors' term of office

Directors are appointed by the Shareholders' Meeting for a term of office of four years, subject to the provisions of the Articles of Association concerning the age limit and the requirements laid down in law and the Code of Corporate Governance on multiple directorships. However, a resolution proposing to shorten directors' term of office to three years will be voted on at the next Shareholders' Meeting of May 27, 2020.

Directors may be reappointed subject to fulfilling the same requirements.

Directors may resign from their office at any time (without giving any notice).

Directors may be dismissed at any time by the Shareholders' Meeting (without giving any notice).

The duties of the director representing employees come to an end prematurely as a matter of course should his/her contract of employment be terminated.

##### B – Compensation applicable to the directors in respect of 2020

The Board of Directors apportions directors' compensation based on the recommendation of the Compensation Committee and on the total amount authorized by the Shareholders' Meeting.

The maximum amount of attendance fees authorized by the May 30, 2018 Shareholders' General Meeting was €900,000. This amount will remain valid until a new resolution setting out a new amount is adopted by the Shareholders' Meeting. On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on March 19, 2020 to increase the total allocation to €1,200,000. The increased allocation was adopted given the prospect of a larger number of meetings.

The Chairman of the Board of Directors does not receive any compensation for serving as a director of the Company and that the Chief Executive Officer will not receive any compensation for serving as a director of the Company should he be appointed as a director at the forthcoming Shareholders' Meeting (under the terms of the fourteenth resolution).

Accordingly, the compensation is apportioned between the other directors including the director representing employees.

The apportionment of compensation between directors takes into account directors' actual attendance at meetings of the Board of Directors and of its Board committees. Additional

compensation may be awarded, or exceptional compensation paid for specific duties, such as those of the Lead Director.

The Board of Directors decided, from the 2018 financial year onwards, to apportion the compensation paid to directors as follows:

- €20,000 a year paid to each director as the fixed portion of compensation. For each director, this sum is increased by €5,000 for every meeting of the Board of Directors attended. Since the Board of Directors met seven times in 2019, the maximum variable portion of compensation for 2019 amounted to €35,000 paid to each director, in line with the Code of Corporate Governance, which recommends that the variable portion of the compensation granted to directors should outweigh the fixed portion;
- €2,000 is also paid to each director who is also a member of a Board committee for each Board committee meeting they attend (thus, a director who fails to attend any meetings of the Board committee to which he/she belongs would receive no compensation in this regard); and
- an additional €20,000 is paid to the Chairman of the Audit Committee and an additional €10,000 paid to the Chairmen of the other Board committees.

Given the global health emergency and economic crisis caused by Covid-19, members of the Board of Directors decided unanimously at the meeting on April 10, 2020 not to alter the rules for apportioning directors' compensation for 2020.

Initially, the Board of Directors had initially decided to adjust the compensation awarded to directors, acting on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to directors at CAC 40 companies.

Should the Board of Directors decide to entrust any director with specific duties or a specific assignment, he/she may be awarded exceptional compensation that is proportionate for such duties or assignment and in line with market practices.

With regard to the Lead Director and the specific duties this role entails, the Board of Directors decided to award the office holder additional directors' compensation corresponding to one times the fixed portion of directors' compensation in respect of one year (information regarding the Lead Director's duties is provided in section 6.1.2 of the Company's Universal Registration Document). These rules for apportioning directors' compensation comply with the Code of Corporate Governance.

It should be noted that according to the Director's Charter, which forms part of the Company's internal rules, each director is required to acquire gradually during his/her term of office a number of shares (which he/she will personally hold) equivalent to one full year of his/her portion of directors' compensation. For calculation purposes, it is assumed that (i) the relevant director attends, over one financial year, all meetings of the Board and of the Board committee(s) to which he/she belongs, and (ii) the reference Legrand share price is Legrand's average share price over the previous financial year. The minimum number of shares to be held personally and kept throughout his/her term of office mandate is set at 500.



## CORPORATE GOVERNANCE

### COMPENSATION AND BENEFITS OF COMPANY OFFICERS

Lastly, each director is entitled to the reimbursement of travel expenses incurred in performing his/her duties, subject to the upper limits laid down in the policy applicable within the

Company and provided the expense claims are supported by receipts.