

**Internal rules of the  
Board of Directors of Legrand SA and its specialized committees**

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## Preamble

With a view to ensuring compliance with the principles of good corporate governance as these are presented in applicable recommendations, the Board of Directors of the company Legrand SA (the “**Company**”) unanimously adopted these internal rules at its meeting on March 17, 2006. These internal rules were later amended by the Board of Directors.

The internal rules result from action taken within the Board of Directors in accordance with Company articles and complementing the same. Their purpose is to determine, within the framework of the law and Company articles, points concerning membership, organization and operation of the Board of Directors and the committees within it, as well as the rights and duties of Directors.

Each member of the Board is individually responsible for compliance with these internal rules.

In what follows, the term “**executive officers**” refers to the Chairman and Chief Executive Officer, the Chief Executive Officer, and to Deputy Chief Executive Officers of French joint stock companies (*sociétés anonymes*) with a Board of Directors.

The term “**non-executive officer**” refers to the Chairman of the Board of Directors of French joint stock companies (*sociétés anonymes*) with a Board of Directors, where this position is separate from that of Chief Executive Officer.

The term “**company officers**” refers to all of the management positions listed above.

## Part I The Board of Directors

### ARTICLE 1 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors exercises the powers conferred upon it by law to act in all circumstances in the Company’s corporate interest.

The Board’s strategy and decisions are made within the context of the Company’s sustainable development policy. Therefore, the Board endeavours to promote long-term value creation by the Company and consider the social and environmental aspects of its business.

In consequence, it is in particular the duty of the Board:

- a) To consider and approve all decisions relating to significant strategic, economic, social, financial and technological issues for the Company and the Legrand Group (the “**Group**”) and ensure that general management puts them into effect.
- b) Concerning the matters itemized below, to make related proposals to shareholders where they are subject to approval at general meetings or to grant prior authorization to the Chief Executive Officer 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 in an amount exceeding €100 million;
  - The establishment of joint venture(s) or the acquisition of business(es) for an amount exceeding €100 million; the acquisition of any equity interest or business, or the agreement to any joint-venture contract where the amount involved exceeds €100 million;
  - The sale or transfer of any business or businesses, asset or assets in 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, change or termination of the mandate of any or all of the statutory auditors;
  - Merger transactions or proposals concerning the Company or, more generally, any transaction resulting in the transfer or sale of all, or a substantial portion of, its assets;
  - Any transaction leading to an increase or decrease in the Company's equity capital, including, as may be the case, through the issue of securities providing access to the Company's equity capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for grant of free shares or stock options in the ordinary course of business of the Company);
  - Any creation of double voting rights or any other change to the voting rights attached to Company shares;
  - Changes to governance, including but not limited to, any change in the rules of governance applying within the Company, in particular the rules governing the membership and operation of the Board of Directors and, more generally, any change to these internal rules in accordance with what is set forth below;
  - Any proposal for the appointment of new members to the Board of Directors;
  - The listing of Company securities or any financial instrument issued by the Company on a regulated market other than Euronext Paris regulated market;
  - 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 Company articles or by-laws (*statuts*);
  - In the event of disputes, the conclusion of any agreements, settlements or arrangements, or agreement to any compromise, where the amount concerned exceeds €100 million;
  - The grant of any surety on Company assets if the bond for which surety is given or the assets pledged represent an amount in excess of €100 million;
  - In general terms, any significant operation involving an amount in excess of €100 million and falling outside the scope of declared Company strategy.
- c) To examine and approve the reports on the activities of the Board of Directors and its committees to be included in the corporate governance report.

- d) To examine and approve, at the proposal of the Nominating and Governance Committee, the presentation of Directors to be included in the corporate governance report, in particular the list of independent Directors, setting out the criteria applied.
- e) To co-opt Directors where necessary, and present proposals for the renewal of Directors' terms of office to the ordinary general meeting of shareholders.
- f) To consider the performance of company officers, without the latter being in attendance, and determine, at the proposal of the Compensation Committee, the compensation due to company officers and to apportion Directors' fees.
- g) To consider stock-option plans and free-share allotments as well as any other mode of compensation either taking the form of shares or index-linked or related to shares.
- h) To ensure that shareholders and investors receive relevant, balanced and instructive information about the strategy, the development model, the consideration of non-financial issues that are of significance to the Company and its long-term outlook.
- i) To review, on a regular basis, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly.
- j) To ensure, if applicable, the implementation of a mechanism to prevent and detect corruption and influence peddling.
- k) To ensure that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women within the corporate bodies.
- l) To approve the management report, including the corporate governance report, together with the sections of the annual report devoted to corporate governance and presenting policies on compensation.

The Board of Directors alone has the power to amend these internal rules.

## **ARTICLE 2 MEMBERSHIP OF THE BOARD OF DIRECTORS**

### **Article 2.1 Number of Directors**

The Company's Board of Directors comprises no less than three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions.

### **Article 2.2 Independent Directors**

#### *2.2.1 Definition of an independent Director and applicable criteria*

Directors are considered independent if they have no connection with the Company, its management or the Group of a nature to compromise the free exercise of their judgment or give rise to conflicts of interest with the Company, its management or the Group.

Independent Directors must thus not:

- Be or have been in the course of the previous five years:
  - an employee or executive officer of the Company or Group;
  - an employee, executive officer or director of a company consolidated within the Company;
  - an employee, executive officer or director of the Company's parent company or of a company consolidated by this parent;
- Be an executive officer of any company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Company (currently in office or having held such office in the course of the last five years) is a director;
- Be a customer, supplier, commercial banker or investment banker, counsel:
  - that is material to the Company or its Group,
  - or for a significant part of whose business the Company or its Group accounts; the evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the qualitative and quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report;
- Be related by close family ties to a company officer of the Company or Group;
- Have been a statutory auditor for the Company or a Group company in the course of the five previous years;
- Have been a Director of the Company for more than twelve years. Loss of the status of independent director occurs on the date at which this period of twelve years is reached.
- Be a non-executive officer and receive variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group, other than directors' fees.

Directors representing major shareholders of the Company may be considered as being independent, provided that these shareholders do not take part in control of the Company. However, when a Director represents a shareholder 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, systematically reviews his or her status as an

independent Director, with due regard for the structure of share ownership and potential for conflicts of interest.

#### *2.2.2 Procedure for recognition of the status of independent Director*

The independent status of Directors is subject to review by the Nominating and Governance Committee in light of the criteria set out in article 2.2.1 above and determined by the Board of Directors on the occasion of a Director's appointment as well as annually for all Directors.

The conclusions of the Board of Directors' examinations are brought to the notice of shareholders.

### **Article 2.3 Lead Director**

A Lead Director may be appointed by the Board of Directors from among the independent Directors who have been appointed Directors for at least one year, on the advice of the Nominating and Governance Committee, in particular in case of combination of the functions of Chairman and Chief Executive Officer.

The Lead Director shall be appointed for a term that cannot exceed his/her term of office as Director. The term of office of the Lead Director shall be renewable, upon a proposal by the Nominating and Governance Committee.

The appointment as Lead Director may be revoked at any time by the Board of Directors.

#### *2.3.1 Duties of the Lead Director*

The Lead Director's role mainly consists in verifying that the governance bodies of the Company have the opportunity to operate properly.

In this regard, the Lead Director is in charge of:

- Preventing and managing conflicts of interest: the Lead Director is in charge of preventing conflicts of interest arising by making Directors aware of facts that may result in conflicts of interest. Each Director undertakes to apprise the Lead Director of any, even potential, conflict of interest, it being specified that the Lead Director has to keep the Board of Directors informed. The Lead Director also informs the Board of Directors about any, even potential, conflict of interest, that he/she has identified;
- Supervising the annual performance evaluation of the Board of Directors and its specialized committees;
- Chairing and conducting the annual meeting of the non-executive Directors without the presence of executive or internal Directors, during which the evaluation of performance of company officers is carried out and the participants reflect on the future of the company's executive management;
- Reporting to the Chairman about the conclusions of the non-executive Directors' annual meeting; and

In the event that the Chairman is unavailable and at his request, carrying out the Board of Directors' mission of dialogue with shareholders, on the same terms (depending on the topics discussed, it may be considered support from the Head of Investor Relations and members of the management.)

### *2.3.2 Resources of the Lead Director*

To exercise his/her duties, the Lead Director has the possibility to:

- If appropriate, propose to the Chairman items for inclusion in the agenda of the Board of Directors' meetings;
- Ask the Chairman to call a meeting of the Board of Directors, or when appropriate and after having requested the opinion of all of the chairmen of the specialized committees, 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;
- Chair the Board of Directors' meetings in the absence of the Chairman;
- Attend meetings of specialized committees of which he/she is not a member.

The Lead Director ensures that the Directors have opportunities to meet with the key managers of the Group and the statutory auditors, as provided in these internal rules.

More generally, the Lead Director ensures that Directors receive relevant information to exercise their duties in the best way, as provided in these internal rules.

Each year, the Lead Director makes a report to the Board of Directors to present his/her actions.

## **ARTICLE 3 OPERATION OF THE BOARD OF DIRECTORS**

### **Article 3.1 : Role of the Chairman and relations with the Chief Executive Officer**

Barring exceptional circumstances, only the Chairman may speak in the Board's name and act on its behalf in conducting relations with other Company management bodies and with outside parties, other than in cases where a specific assignment or function has been entrusted to another Director.

He organises and directs the work of the Board and monitors corporate bodies to ensure that they are functioning effectively and respecting corporate governance principles. He sets the timetable and agenda of meetings of the Board of Directors and calls them. He coordinates the work of the Board and the committees.

He may consult the Statutory Auditors in order to prepare the work of the Board and the committees.

The Chairman coordinates with the Chief Executive Officer, who takes on the full executive management of the Company.

The Chairman is responsible for the mission of dialogue between the Board of Directors and the shareholders, alongside with the Head of Investor Relations and in close cooperation with the initiatives taken in this respect by the Chief Executive Officer.

Depending on the topics discussed with shareholders, some members of the management may attend the relevant meeting.

The Chairman is provided by the Chief Executive Officer with all information required by law with respect to internal control. He may ask the Chief Executive Officer or any other manager, in particular the risk manager, for any information that may help the Board and its Committees fulfil their duties.

### **Article 3.2 Meetings of the Board of Directors**

The Board of Directors shall meet as often as the interests of the Company may require and at least five times a year.

Notice of meetings, which may be conveyed by the Board Secretary, may be given by letter or electronic mail, or verbally.

If the convening notices so provide, meetings of the Board of Directors may be held by videoconference or other means of telecommunication, provided that these means ensure at least the transmission of participants' voices and satisfy technical requirements enabling the simultaneous and continuous transmission of deliberations. Directors participating in meetings by such means are deemed present for the purposes of quorum and majority.

When one or more Directors inform the Chairman of the Board of Directors that they will be unable to attend a meeting, the Chairman is to endeavour to organize the meeting using the means referred to in the previous paragraph.

Meetings may not be held by such means when they concern decisions of a kind for which the law prohibits their use.

The Chairman is to endeavour to allow a lapse of five days between convening notices and meeting dates and to allow for the constraints on members' schedules so as to ensure the presence of as many members as possible at each meeting.

### **Article 3.3 Assessment of the Board of Directors and its specialized committees**

Once a year, the Board of Director debates its operation (this involves a corresponding review of the Board's specialized committees) and an account of this is to be included in the Company's corporate governance report, so that the shareholders are informed each year of the evaluations carried out and, if applicable, of any steps taken as a result.

The assessment of the Board's operations and those of its specialized committees is supervised by the Lead Director.

### **Article 3.4 Information of the Board of Directors**



In fulfilment of the duties of the office, the Chairman is to supply each Director in good time with a documentation set containing all the documents and information necessary for the consideration of the items on the agenda.

Each Director may obtain all the documents he/she considers relevant for the preparation of meetings provided he/she makes the request in reasonable time.

Where the need for confidentiality so requires, in particular in the case of sensitive financial information, the documents may be circulated at the meeting.

The Chief Executive Officer reports on significant events in the life of the Group at each meeting of the Board of Directors.

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 company officers. In the latter case, these should be given prior notice.

Board members are informed about market developments, the competitive environment, and the most important issues at hand, including in the field of corporate social and environmental responsibility.

The Board of Directors is provided with all the appropriate information in order to review the opportunities and risks as well as the measures implemented, notably by the executive officers.

### **Article 3.5 Directors' training**

Each Director may be provided, at the time of appointment and throughout the term of office, with training relating to the specific features of the Company, its business, the sector it operates and issues relating to social and environmental responsibility.

New Directors are provided with an induction program aiming at facilitating their assumption of their new duties. The induction program includes site guided tours and meetings with Company senior and operational management.

Upon request, the Audit Committee members are provided, at the time of appointment, with information relating to the Company's specific accounting, financial and operational features.

Directors representing employees or Directors representing employee shareholders are provided with training adapted to the performance of their duties.

### **Article 3.6 Compensation**

Attendance fees are apportioned to Directors, upon the proposal of the Compensation Committee and based on the global amount allocated to Directors' attendance fees by the general meeting of shareholders. This allocation takes into account the effective attendance of Directors and their participation in specialized Board committees.

Undertaking individual tasks such as those of Lead Director may give rise to additional fees or payment of extraordinary compensation subject to the application of the procedure for related party agreements.

## **Article 3.7 Miscellaneous provisions**

### *3.7.1 Attendance register*

An attendance register is to be kept at the Company's registered office identifying the members of the Board of Directors who attended, either physically or by means of telecommunications, or were represented, excused or absent. The proxies granted by letter or electronic mail are to be appended to the attendance register.

### *3.7.2 Minutes of meetings*

The proceedings of Board meetings are to be recorded in minutes drawn up, signed and kept in accordance with applicable regulations.

The minutes of each meeting are to record:

- the names of the Directors who attended, either physically or by means of telecommunications, or were represented, excused or absent;
- the occurrence of any disruptive technical incident arising during a videoconference or conference call;
- the name of any other persons who attended all or part of the meeting;
- a summary of the discussions and decisions of the Board of Directors;
- any questions raised and any reserves expressed by the members present.

### *3.7.3 English versions of documents*

If a Director so requests, the convening notices and minutes of Board meetings are to be translated into English. Such translation will be for information purposes only, and only the French version is binding.

## **ARTICLE 4 COMMON INTERNAL RULES**

### **Article 4.1 Permanent Board committees**

In order to facilitate the work of the Board of Directors and the preparation of deliberations, there are special committees that examine matters within their respective areas of competence and submit opinions, proposals and recommendations to the Board of Directors.

There are four such permanent special committees:

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

### **Article 4.2 Membership of permanent committees**

The Board of Directors appoints committee members on the proposal of the Nominating and Governance Committee. The Board of Directors may remove them after consultation with the Nominating and Governance Committee for advice.

The chairman of the Audit Committee is chosen by the members of the Audit Committee on 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 chairman of the Strategy and Social Responsibility Committee is chosen by the members of the Strategy and Social Responsibility Committee on the proposal of the Nominating and Governance Committee, from among the members of the Strategy and Social Responsibility Committee.

The chairman of the Nominating and Governance Committee is chosen by the members of the Nominating and Governance Committee, from among its independent members.

The chairman of the Compensation Committee is chosen by the members of the Compensation Committee on the proposal of the Nominating and Governance Committee, from among the independent members of the Compensation Committee.

Committee members are appointed for a term of office which is determined by the Board of Directors and may not exceed the term of office as Directors.

### **Article 4.3 Operation of permanent committees**

Each committee is to establish its own annual schedule for meetings in relation to the schedules for Board meetings and general meetings of shareholders.

Each committee meets as often as may be necessary, at the call of its chairman or half of its members, to consider any matter within its area of competence. If the Chairman of the Board of Directors observes that a committee has not met as often as required under the rules set out below, he may summon a meeting of that committee. He may do the same if he considers that a committee should provide the Board of Directors with an opinion or recommendation on a particular issue.

It is the duty of the chairman of each committee to draw up the agenda for its meetings and circulate this to the members of that committee sufficiently in advance to allow each committee member the time needed to prepare for the meeting. The chairman must supply all the documents and information needed for the consideration of the items concerned along with the agenda.

Meetings may be held at the Company's registered office or in any other place. The committees' secretarial tasks shall be undertaken by the persons appointed by the chairman of the committee or by agreement with the chairman.

In the exercise of its duties, each committee may, after informing the Chairman of the Board of Directors and with the duty to make a subsequent report to the Board, contact the Company's principal managers.

The committees make sure that the quality of reports to the Board of Directors enables the latter to be fully informed, thereby facilitating its deliberations.

#### **Article 4.4 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.

#### **Article 4.5 *Ad hoc* committees and the executive 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.

### **ARTICLE 5 THE AUDIT COMMITTEE**

#### **Article 5.1 Assignments 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 tasked with monitoring issues relating to the establishment and control of accounting, financial and extra-financial information, as well as legally required verification of accounts.

The Audit Committee conducts regular hearings of the statutory auditors, including hearings without the presence of company officers.

Should the Audit Committee call upon outside experts, it has to make sure 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 internal control and risk management systems exist and that their efficiency is monitored, likewise for internal audit as regards procedures for the preparation and processing of accounting, financial and extra-financial information, without infringing on its independence;
  - To take cognizance of information about procedures for the preparation and processing of accounting and financial information in the reports presented to the shareholders meeting;
  - 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 Company 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 brought to its attention and if necessary, to inform the Board of Directors;
  - To ensure the relevance and quality of the Company's financial communications;
  - To conduct hearings of the person in charge of Corporate Social Responsibility (CSR) issues about (i) risks, especially for 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 these internal rules, undertaking such tasks may give rise to additional fees.

The statutory auditors are heard at the Audit Committee meetings dealing with evaluation of the process for preparing accounting, financial and extra-financial information and review of the financial statements in order to report on the execution of their tasks and the conclusions of their work.

The Audit Committee is informed of the main findings of the statutory auditors and the internal audit as regards the effectiveness of internal control and risk management systems. It hears the views of the persons responsible for the internal audit and for risk control. It is informed of the internal audit program and it receives internal audit reports or a regular summary of these reports.

- As regards reviewing of financial statements, the Board of Directors entrusts the Audit Committee with the following tasks:
  - To monitor the process of preparation of financial information and, as appropriate, express recommendations to ensure its integrity;
  - To carry out a prior examination of draft Company and consolidated financial statements, both annual, half-yearly and quarterly, in order to ascertain the conditions in which they were prepared and to ensure the relevance and consistency of the accounting rules and principles adopted;
  - To examine the method and scope of consolidation applied in the financial statements;
  - To ensure the proper accounting treatment of significant transactions at Group level;
  - To regularly gather information on the financial position, cash flow and significant commitments of the Company and the Group.

The review of financial statements by the Audit Committee is accompanied by a presentation from the statutory auditors stressing the essential points not only of the results of the statutory audit, in particular the adjustments resulting from the audit and significant weaknesses in internal control identified during the auditor's works, but also of the accounting methods chosen. At the time of review of the financial statements, the Audit Committee may consider the major transactions in connection with which conflicts of interest could have arisen.

The review of financial statements by the Audit Committee should also be accompanied by a presentation from management describing the Company's risk exposures, including social and environmental risks, and its material off-balance-sheet commitments as well as the chosen accounting options.

More generally, for the review of financial statements, the Audit Committee may question, without the presence of the company officers or, more generally, of Directors playing an active role in the Company, any person who, in one capacity or another, participates in preparing or auditing the financial statements (finance department, internal audit department, statutory auditors).

- As regards external control procedures, the Audit Committee's main task is to ensure the proper examination of annual Company and consolidated financial statements by statutory auditors and the independence and objectivity of these auditors:
  - By ensuring that statutory auditors carry out their duties in the legally required examination of annual Company and consolidated financial statements;
  - By organizing the process for the selection of statutory auditors provided for by applicable regulations and examining the issues relating to the appointment, renewal or removal of the Company's statutory auditors. Subsequent to the selection process of the statutory auditors, the Audit Committee shall issue a recommendation to the Board of Directors on the statutory auditors proposed for appointment or for renewal by the shareholders' meeting, in accordance with applicable regulations;
  - 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, and (iii) information concerning the services provided other than the certification of financial statements;

- By receiving the supplementary report to the audit report;
- By approving the provision by the statutory auditors of services other than the certification of financial statements, under the conditions provided for by the internal pre-authorization procedure, especially after analysis of the risks to the independence of the statutory auditors and the safeguard measures applied by the latter;
- 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 share 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.

### **Article 5.2 Membership of the Audit Committee**

The Audit Committee has a maximum of five members.

Executive officers may not be members of the Audit Committee.

Members of the Audit Committee should be competent in finance or accounting.

### **Article 5.3 Operation of the Audit Committee**

The Audit Committee may properly conduct business at its meetings only if at least half of its members are present. The Committee takes its decisions by simple majority, with its chairman having a casting vote.

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 occasionally be reduced, with the agreement of the committee's chairman and of its members.

The Audit Committee is required to make regular reports to the Board of Directors, at least in connection with the approval of annual and half-yearly financial statements, (i) on the performance of its duties, (ii) on the results of the assignment to certify financial statements, and (iii) on the manner in which this assignment has contributed to the integrity of financial information and its role in this process. The Audit Committee promptly informs the Board of Directors of any difficulty encountered. 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.

## **ARTICLE 6 NOMINATING AND GOVERNANCE COMMITTEE**

### **Article 6.1 Assignments of the Nominating and Governance Committee**

The Nominating and Governance Committee is tasked with:

- Examining the different available options in terms of how to organise the operation of the Company's management and supervisory bodies, and submitting suggestions to the Board of Directors in this regard;
- Considering and submitting proposals to the Board of Directors for appointment to the positions of Directors, of Lead Director, of Chief Executive Officer, of Deputy Chief Executive Officer, of Chairman of the Board, of members and chairmen of the special committees; to this end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- Making proposals to the Board of Directors in relation to the assignment of each of the special committees;
- Considering proposals submitted by interested parties including management and shareholders;
- Preparing, under the supervision of the Lead Director, for the periodical self-assessment of the work of the Board of Directors, and for any such assessment by outside consultants, or of the governance bodies;
- Producing a succession plan for company officers in order to be able to submit to the Board of Directors solutions for replacement in particular in the event of an unforeseeable vacancy;
- Examining the position of each Director each year relative to the criteria for independence set out in these internal rules;
- Reviewing developments in rules of corporate governance, monitoring the application of said rules by the Company (in particular the implementation of the code of corporate governance to which the Company refers), assisting the Board of Directors in adapting the Company's corporate governance and submitting suggestions in this regard;
- Scrutinising the information on corporate governance contained in the corporate governance report as well as any other documents required by applicable laws and regulations in this matter and, in general, ensuring the accuracy of information provided to shareholders on topics of corporate governance.

The Chief Executive Officer shall be associated in particular with the committee's proceedings relating to the selection of new Directors and the succession planning for company officers.

### **Article 6.2 Membership of the Nominating and Governance Committee**

The Nominating and Governance Committee has a maximum of five members.

Executive officers may not be members of the Nominating and Governance Committee.

### **Article 6.3 Operation of the Nominating and Governance Committee**

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.

The Nominating and Governance Committee meets at least twice a year and, in any event, prior to approval of the agenda for the annual general meeting, to consider the proposed resolutions to be submitted to the meeting that are within its area of competence.

## **ARTICLE 7 — COMPENSATION COMMITTEE**



## **Article 7.1 Assignments of the Compensation Committee**

As regards the compensation of company officers, the Compensation Committee is required to:

- Assess all forms of compensation, including benefits in kind, insurance and pension entitlements received from any company in the Group and any affiliated company;
- Examine and submit proposals to the Board of Directors regarding all components of the compensation of company officers, in particular as regards the calculation of the variable portion of compensation. To this end, it defines the rules for calculating this variable portion, taking into due account the need for consistency with annual assessments of company officers' performance and the Group's medium-term strategy; it also oversees proper application of these rules;
- Ensure the Company's fulfilment of obligations relating to the transparency of compensation. In particular, it draws up an annual report of its activity, which is submitted to the approval of the Board of Directors for inclusion in the Company's annual report, and ascertains that all legally required information concerning compensation is fully and clearly set forth in the annual report;
- Examine all information related to compensation in the corporate governance report and any other document required by relevant applicable law and regulations and, more generally, ensure the accuracy of the information disclosed to shareholders on matters of compensation.

As regards Directors' compensation, the Compensation Committee:

- Issues a recommendation on the overall amount and conditions of allocation of Directors' fees in accordance with the provisions of article 3.6 of these internal rules;
- Makes recommendations concerning the compensation that may be appropriate for Directors entrusted with exceptional assignments.

As regards stock-option plans for the purchase of existing shares or subscription to new share issues and all other compensation in the form of shares or indexed on or otherwise linked to shares, the Compensation Committee is tasked with:

- Examining general policies governing the benefit of such systems and submitting any proposals it may have on this to the Board of Directors;
- Reviewing the information on this subject provided in the annual report and to the general meeting of shareholders;
- Submitting proposals to the Board of Directors regarding the choice among alternatives allowed by law and explaining the reasons for such choice, together with its consequences;
- Preparing the Board of Directors' decisions on such systems

Furthermore, the committee must be informed of the compensation policy applicable to the principal executive managers who are not company officers. In this respect, the committee's work shall involve the executive officers.

## **Article 7.2 Membership of the Compensation Committee**

The Compensation Committee has a maximum of five members.

Executive officers may not be members of the Compensation Committee.

### **Article 7.3 Operation of the Compensation Committee**

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.

The Compensation Committee meets at least twice a year and, in any event, prior to approval of the agenda for the annual general meeting, to consider the proposed resolutions to be submitted to the meeting that are within its competence.

On the occasion of presentation of the report on the Compensation Committee's work, the Board must discuss the compensation components of executive officers without the latter being present.

## **ARTICLE 8 STRATEGY AND SOCIAL RESPONSIBILITY COMMITTEE**

### **Article 8.1 Assignments 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 proposed annual budgets submitted to the Board of Directors. For this purpose, the Strategy and Social Responsibility Committee may hear the views of Company managers regarding assumptions used to draw up or amend these budgets;
- Assess consistency between Group strategy and the CSR principles espoused by the Group; 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, and evaluate the adequacy of means available to the Group in the fulfilment of its CSR strategy, in connection with the aims pursued;
- Take cognizance of the main findings and observations of the independent third-party body under the CSR rules, assess them and examine related management action plans.

### **Article 8.2 Membership of the Strategy and Social Responsibility Committee**

The Strategy and Social Responsibility Committee has a maximum of six members.

### **Article 8.3 Operation of the Strategy and Social Responsibility Committee**

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.

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year.

In keeping with its corporate governance responsibilities, the Board of Directors has included in these internal rules a Directors' Charter setting out the rights and duties incumbent on all Directors.

Before taking up their positions, all Directors must assure themselves that they are properly apprised of their general and particular duties, in particular as these result from legislation and regulations, Company articles, Board regulations and the Charter set out below, as well as from any other text of a compulsory nature.

1. Directors must be competent, active and committed.
2. Directors must at all times act in the corporate interest of the business. They undertake to promote and defend the Company's values.
3. Directors must 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; it being specified that an executive officer should not hold more than two other directorships in listed companies including foreign companies, not affiliated with the Group. However, the limit of two other directorships applicable to the executive officers does not apply to directorships held by an executive officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings;
  - Keep the Board of Directors informed of directorships held in other companies, including participation in committees of the Boards of these companies, whether French or otherwise, it being specified that an executive officer must seek the opinion of the Board of Directors before accepting a new directorship in a listed company;
  - Be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to.
4. In the interest of transparency, the corporate governance report includes a report on Directors' attendance at meetings of the Board of Directors and its committees.
  5. Directors shall make their best efforts to be present at general meetings of shareholders.
  6. In the course of his/her term of office, each Director shall gradually acquire a number of shares equivalent to one full year of his/her share of Directors' fees, with said shares to be held personally. For calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee or committees 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.
  7. Directors have a duty of loyalty and diligence.

In this regard, they undertake to:

- Apprise the Lead Director and the Board of any, even potential, conflict of interest, and to abstain from attending discussions and votes;
  - 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.
8. Directors are subject to a duty of confidentiality concerning the unpublished information of which they are apprised as a result of their position.
  9. Directors are to assure themselves of receiving in good time all the documents and information necessary to 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 ask the Chairman or the Board of Directors to stay proceedings.
  10. Directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in.
  11. Directors are to comply with any code of conduct on stock trading adopted by the Company.

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