www.legrand.com

REGISTRATION DOCUMENT 2013

legrand®

www.legrand.com

REGISTRATION DOCUMENT

INCLUDING ANNUAL FINANCIAL REPORT

2013

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This is a non binding free translation into English of the Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 2 2014, pursuant to Article 212-13 of its General Regulations. The French version of the Registration Document can be used in support of a financial transaction if it is supplemented by an information memorandum duly approved by the French Financial Markets Authority. This Document was prepared by the issuer. The signatories assume responsibility for this document.

legrand®

NOTE

References to the "**Group**" and "**Legrand**" are to the Company, its consolidated subsidiaries and its minority shareholdings.

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

The Company's consolidated financial statements presented in this Registration Document for the financial years ending December 31, 2013 and December 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Since the Group has not applied the carve-out arrangements proposed by the EU and specified in IAS 39, these consolidated financial statements were also prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB). References therefore to the term "**IFRS**" within this Registration Document relate to international accounting standards as adopted in the European Union or as issued by IASB. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

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

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

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of the Group's future performance. Legrand's actual financial position, results and cash flows as well as the development of the industrial sector in which it operates may differ significantly from the forward-looking information mentioned in this Registration Document, and even where these elements are consistent with the forward-looking information mentioned in this Registration Document, they may not be representative of the results or developments in later periods. Factors that could cause such differences include, among other things, the risk factors described in chapter 4 of this Registration Document. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

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

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

01

1.1 - PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 - Name and position of the person responsible for the Registration Document

Mr. Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French *société anonyme* whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as "**the Company**".

1.1.2 - Declaration of the person responsible for the Registration Document including the annual financial report

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this Registration Document is, to the best of my knowledge, accurate and that there are no omissions that could materially affect its reliability.

I further certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of its consolidated businesses, and that the Management Reports that appear in chapter 6 and Appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial situation and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The 2013 financial information presented in this Registration Document is the subject of an auditors' report that appears on page 243 of this Registration Document.

The consolidated financial statements for the year ended December 31, 2012, are included for reference in the present document and are the subject of an auditors' report that appears on page 225 of the 2012 Registration Document filed with the Autorité des marchés financiers under number D. 13-0240.

The consolidated financial statements for the year ended December 31, 2011, are included for reference in the present document and are the subject of an auditors' report that appears on page 206 of the 2011 Registration Document filed with the Autorité des marchés financiers under number D. 12-0291."

Gilles Schnepp

Chairman and Chief Executive Officer

1.1.3 - Incorporation by reference

This Registration Document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2011 and the related statutory auditors' report, as presented on pages 151 to 205 and 206-207 of the 2011 Registration Document filed with the *Autorité des marchés financiers* on April 5, 2012 under number D. 12-0291, as well as the Company's consolidated financial statements for the year ended December 31, 2012 and the related statutory auditors' report, as presented on pages 171 to 224 and 225-226 of the 2012 Registration Document filed with the *Autorité des marchés financiers* on March 28, 2013, under number D. 13-0240.

1.2 - STATUTORY AUDITORS

1.2.1 - Principal Statutory Auditors

PricewaterhouseCoopers Audit

Member of the

Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des Commissaires aux comptes de Versailles*)

Represented by Édouard Sattler

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary Shareholders' General Meeting of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

Deloitte & Associés

Member of the

Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des Commissaires aux comptes de Versailles*)

Represented by Jean-Marc Lumet

185, avenue Charles-de-Gaulle

92524 Neuilly-sur-Seine Cedex, France

Appointed Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005, and re-appointed Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016.

1.2.2 - Deputy Statutory Auditors

Mr. **Yves Nicolas**

Member of the

Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of March 2, 2004, and re-appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2010, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

BEAS

Member of the

Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

195, avenue Charles-de-Gaulle

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005, and re-appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2016.

1.3 - FINANCIAL INFORMATION

1.3.1 - Person responsible for financial information

Mr. **Antoine Burel**

Chief Financial Officer

Address: 82, rue Robespierre, 93170 Bagnolet, France

Telephone: +33 (0)1 49 72 52 00

Fax: +33 (0)1 43 60 54 92

1.3.2 - Documents available to the public

The legal documents pertaining to the Company that must be made available to shareholders in accordance with the applicable regulations, and its financial records, may be consulted at the Company's registered office.

1.3.3 - Indicative financial information schedule

The 2014 financial information to be disclosed to the public by the Company will be available from the Company's website (www.legrand.com).

As an indication only, the Company's timetable for the publication of financial information up to December 31, 2014, should be as follows:

- 2014 first-quarter results: May 7, 2014
- Ex-dividend date[1]: May 29, 2014
- Dividend payment[1]: June 3, 2014
- 2014 first-half results: July 31, 2014
- 2014 nine-month results: November 6, 2014

The Company's Board of Directors, at its meeting on March 5, 2014, decided to convene the Company's Annual Combined Ordinary and Extraordinary General Meeting of Shareholders for May 27, 2014.

(1) Subject to the approval of the resolution "Appropriation of earnings and determination of dividend" by the Company's Annual Combined Ordinary and Extraordinary General Meeting of Shareholders called for May 27, 2014.

SELECTED FINANCIAL INFORMATION

02

The selected financial information for the years ended December 31, 2013, 2012 and 2011 has been drawn from the consolidated financial statements prepared in accordance with IFRS. These can be found in chapter 9 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information in tandem with the information in chapter 6 of this Registration Document, the Group's consolidated financial statements, the notes thereto (included in chapter 9 of this Registration Document) and all other financial information included elsewhere in this Registration Document.

(in millions of euros, except %)	2013	2012	2011
Revenue	**4,460.4**	**4,466.7**	**4,250.1**
Total sales growth	(0.1)%	+5.1%	+9.2%
Sales growth at constant scope of consolidation and exchange rates(1)	+0.5%	(1.4)%	+6.4%
EBITDA(2)	**1,017.8**	**1,014.3**	**1,010.1**
Maintainable EBITDA(3)	**1,047.1**	**1,039.8**	**1,028.7**
Adjusted operating income(4)	**882.3**	**874.4**	**856.7**
As a percentage of sales	19.8%	19.6%	20.2%
Maintainable adjusted operating income(5)	**911.6**	**899.9**	**875.3**
Net income(5)	**533.3**	**507.0**	**479.3**
As a percentage of sales	12.0%	11.4%	11.3%
Free cash flow(6)	**563.2**	**627.0**	**522.7**
As a percentage of sales	12.6%	14.0%	12.3%
Normalized free cash flow(7)	**588.8**	**619.6**	**565.3**
As a percentage of sales	13.2%	13.9%	13.3%
Net financial debt at December 31(8)	**967.7**	**1,082.5**	**1,268.8**

(1) Please see section 6.3.2.8 of this Registration Document for a definition of this term.

(2) EBITDA is defined as operating income plus depreciation expense and amortization of property, plant and equipment and, if any, impairment of goodwill.

(3) Maintainable EBITDA and maintainable adjusted operating income are used to analyze EBITDA and adjusted operating income excluding the impact of restructuring costs (including capital gains or losses on the sale of assets).

(4) Adjusted operating income is defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill.

(5) Net income corresponds to published net income (before minority interests).

(6) Free cash flow is defined as cash flow from operating activities, plus the net proceeds of asset disposals, less capital expenditure and capitalized development costs.

(7) Normalized free cash flow is defined as cash flow from operating activities based on a constant ratio of 10% of total working capital requirement as a ratio of sales at constant scope and exchange rate, plus the net proceeds of asset disposals, less capital expenditure and capitalized development costs.

(8) Net financial debt is defined as the sum of short-term borrowings and long-term borrowings less cash and marketable securities.

The table below shows a reconciliation of EBITDA and maintainable EBITDA with net income and operating income:

(in millions of euros)	2013	2012	2011
Net income for the period	**533.3**	**507.0**	**479.3**
Income tax expense	233.5	247.6	261.4
Exchange (gain)/loss	1.8	11.7	(10.6)
Financial income	(6.9)	(20.8)	(15.0)
Financial costs	87.7	102.5	97.2
Operating income	**849.4**	**848.0**	**812.3**
Depreciation of property, plant and equipment	101.5	105.2	111.0
Amortization of intangible assets and impairment of goodwill	66.9	61.1	86.8
EBITDA	**1,017.8**	**1,014.3**	**1,010.1**
Restructuring costs	29.3	25.5	18.6
Maintainable EBITDA	**1,047.1**	**1,039.8**	**1,028.7**

The table below shows a reconciliation of the Group's adjusted operating income and maintainable adjusted operating income with net income and operating income:

(in thousands of euros)	2013	2012	2011
Net income for the period	**533.3**	**507.0**	**479.3**
Income tax expense	233.5	247.6	261.4
Exchange (gain)/loss	1.8	11.7	(10.6)
Financial income	(6.9)	(20.8)	(15.0)
Financial costs	87.7	102.5	97.2
Operating income	**849.4**	**848.0**	**812.3**
Acquisitions – related amortization and income/expense(1)	32.9	26.4	28.5
Impairment of goodwill	0.0	0.0	15.9
Adjusted operating income	**882.3**	**874.4**	**856.7**
Restructuring costs	29.3	25.5	18.6
Maintainable adjusted operating income	**911.6**	**899.9**	**875.3**

(1) Amortization relating to intangible asset revaluations in connection with acquisitions and related expense and income.

The table below shows a reconciliation of the Group's free and normalized free cash flow with net cash from operating activities:

(in millions of euros)	2013	2012	2011
Net cash of operating activities	**691.9**	**739.2**	**646.2**
Net proceeds from sales of tangible and intangible assets	4.3	8.4	13.5
Capital expenditure	(103.9)	(92.5)	(107.1)
Capitalized development costs	(29.1)	(28.1)	(29.9)
Free cash flow	**563.2**	**627.0**	**522.7**
Increase (decrease) in working capital requirement	27.9	(13.7)	68.2
(Increase) decrease in normalized working capital requirement	(2.3)	6.3	(25.6)
Normalized free cash flow	**588.8**	**619.6**	**565.3**

The table below shows changes in the net financial debt of Legrand:

(in millions of euros)	2013	2012	2011
Short-term borrowings	86.9	80.1	218.0
Long-term borrowings	1,486.6	1,496.7	1,539.1
Cash and cash equivalents and marketable securities	(605.8)	(494.3)	(488.3)
Net financial debt	**967.7**	**1,082.5**	**1,268.8**

The table below shows the changes in Legrand's equity:

(in millions of euros)	2013	2012	2011
Share capital	1,062.4	1,057.5	1,053.6
Retained earnings	2,575.8	2,335.9	2,064.3
Translation reserves	(400.8)	(208.3)	(172.1)
Equity attributable to equity holders of Legrand	**3,237.4**	**3,185.1**	**2,945.8**

GROUP OVERVIEW 03

3.1 - LEGRAND AND ITS BUSINESS

3.1.1 - Overview

Legrand is the global specialist in electrical and digital building infrastructure. Its full range of control-and-command, cable management, energy distribution and "Voice-Data-Image" products and systems which are suitable for the international commercial, industrial, and residential segments of the low voltage market, makes Legrand a benchmark for customers worldwide. The Group markets its products under internationally recognized general brand names, including *Legrand* and *Bticino*, as well as under well-known local and specialist brands. Legrand, which is close to its markets and focuses on its customer, has commercial and industrial operations in over 80 countries, and markets a wide range of products, including more than 215,000 catalog items, in approximately 180 countries.

Legrand generated sales of €4,460 million in 2013, of which 79% was generated outside France, and recorded an adjusted operating margin of 19.8%. In particular, with 57% of its sales generated in new economies and in the USA/Canada region, and 26% of its revenues in new business segments, the Group has sound growth drivers for the long term.

Please refer to section 6.4.1 of this Registration Document for further information on the breakdown of Legrand's sales by geographical area.

Legrand's development model relies on innovation and the continual launch of new high value-added products, as well as on targeted and self-financed acquisitions of small and medium-sized companies that are leaders in their markets or have proven technological expertise, and are highly complementary to the Group's business activities. Based on this, and in keeping with the Group's four key values (customer awareness, innovation, ethics of behavior and optimization of resources), Legrand intends to pursue its value-creative development on a sustainable basis for all of its stakeholders.

The Group is listed on NYSE Euronext, and is included in particular in the CAC 40, FTSE4Good, MSCI World, Corporate Oekom Rating and DJSI Indices at the time this Registration Document was filed.

3.1.1.1 BUSINESSES THAT STRENGTHEN LEGRAND'S GROWTH PROFILE

Due to deep societal, technological and macroeconomic changes, the market for electrical and digital building infrastructure offers attractive growth prospects over time. These developments have a favorable impact on the Group's expansion in new economies and in new business segments.

3.1.1.1.1 International development

Strong growth and increased presence in new economies

The influence of the new economies (Latin and Central America, Eastern Europe, Turkey, Asia, Oceania excluding Australia, Africa and the Middle East) in the global economy continues to increase as a result of more sustained growth than in mature markets. The long-term development of electrical and digital building infrastructure, especially in Brazil, India, China, Russia, Turkey, and Mexico, is creating demand for both low-end and high value-added products. Finally, as 20% of the world's population does not have yet access to electricity, Legrand believes that its market offers significant long-term growth potential as electricity generation and supply infrastructure develop.

In 2013, the sales generated by the Group in new economies increased by 6.1% at constant scope of consolidation and exchange rates, and accounted for approximately 40% of Legrand's sales. In 2013, business in new economies was divided between over 120 countries, with Brazil accounting for approximately 6% of Legrand's total sales and other major countries (Russia, China and India) for between 4% and 5% each.

Solid growth and reinforcement of the Group's presence in the USA/Canada region

Over the past 10 years, thanks to continuous innovation efforts complemented by eight acquisitions, the Group has multiplied its sales in this region by 1.7 times to exceed US$1 billion in 2013. With many leaderships (including cable management, highly energy-efficient lighting systems, audio/video enclosures), the USA and Canada region is now the second-largest country contributing to Group's sales.

3.1.1.1.2 New business segments

Boosted by technological progress and the emergence of new requirements, digital infrastructure, home systems, energy efficiency and wire-mesh cable management are continuing to grow. In 2013, 26% of Legrand's total sales were generated by these new segments, a percentage which has more than doubled over a ten-year period.

Digital infrastructure and home systems

Breakthroughs in electronic and digital technologies have led to sweeping changes in the day-to-day use of electrical appliances. Telephones, televisions, computers, and lighting and sound systems, cars, etc. are becoming increasingly interactive, intuitive, mobile and inter-connected. These developments are increasing and making the flow of data exchanged in buildings increasingly complex, therefore requiring buildings to have a more extensive and stronger electrical and digital infrastructure.

For example, in residential buildings, the electrical system must not only supply appliances with power, which reinforces needs in terms of the building's electrical infrastructure as regards the protection, distribution and control and command of power but also make it possible to manage all of a home's indoor functions, such as energy consumption, comfort, security, and audio and video diffusion, interactively.

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

Legrand offers its customers solutions that are simple to use and install, and allow smart management of the building, thanks to its digital infrastructure. In recent years, the Group has made its mark with numerous innovations, including the *My Home* system, the Home Network communication systems for home multimedia networks, and LCS[2] VDI solutions, offering simplified installation and guaranteeing optimal network performance, plus the *Digital Lighting Management* range for optimized lighting management through a digital network.

Energy efficiency

Buildings currently account for around 40% of total worldwide energy consumption.

As a result of the introduction of new regulations such as the RT 2012 thermal regulation in France and "energy codes" in the United States, increasing demand for environmentally friendly products, and rising energy costs, Legrand is seeing growing demand in all its markets for products and systems that reduce energy consumption and improve the quality of electricity.

Legrand is responding to this demand by offering a series of solutions in lighting management, shutter control, home automation, stand-by mode, water-heater and heating management, as well as in the improvement and control of electricity quality (source inversion, reactive energy compensation, energy-efficient transformation, surge protection, and uninterrupted power supply).

Please refer to section 5.3.3 of this Registration Document for further information on the energy efficiency business.

Wire-mesh cable management

Thanks to their flexibility, ease of installation and highly ventilated structure, which enables better cable cooling, wire-mesh cable management is experiencing sustained growth, particularly in datacenters. The Group offers a full range of cable management via its *Cablofil* brand, which can be installed in all commercial buildings (datacenters, retail outlets etc.) and industrial facilities throughout the world.

3.1.1.1.3 Medium and long-term growth prospects

Aside from new business segments, new high-potential businesses, such as assisted living, electric-vehicle charging stations and plugs, and smart grids, offer the Group long-term growth prospects.

Assisted living

The aging of the population (according to the UN, by 2050, the world's population is expected to include around 400 million people over 80, compared to around 120 million in 2013) poses a major challenge, in terms of economic as well as societal dependency. Faced with this challenge, and as the result of growing demand from seniors wishing to remain in their homes while remaining independent, Legrand is developing customized solutions including:

- lighting paths, which light up automatically to prevent falls;
- easy-fit-sockets;
- centralized command systems;
- door entry systems with induction loops that make bells and intercoms easier to hear for people with hearing aids.

Moreover, this innovative offer, which improves quality of life at home, has been supplemented by:

- remote assistance terminals by Intervox Systems, France's leader in remote assistance systems, which joined the Group in February 2011;
- domestic alarms from Tynetec, a frontunner in assisted living in the United Kingdom, which was acquired in November 2013; and
- terminals for remote care from Neat, Spain's leader and a major player in Europe in assisted living – the Group signed a joint-venture agreement with Neat in February 2014.

Legrand, number two in Europe in assisted living, benefits from no. 1 or no. 2 positions in the major European markets, in particular France, Great-Britain, Spain and Germany.

See section 5.4.3 of this Registration Document for further details on the assisted living business.

Electric-vehicle charging stations and plugs

The market for electric-vehicle charging stations should expand over the coming years, as the deployment of public charging stations should be accompanied by the installation of numerous charging devices in privately owned buildings, both residential or commercial.

To meet these future market needs, Legrand has a range of charging plugs (Green' up Access) and stations (Green' up Premium) to provide power to electric vehicles in the home, workplace or public areas.

See section 5.3.3.2 of this Registration Document for further details on the electric-vehicle charging station and plug business.

Smart grids

A building's electrical and digital infrastructure is a key component of smart grids. In fact, the optimization of energy management for the entire electrical network involves efficient consumption management within the buildings, and the exchange of data between the buildings and the network. These two functions are handled by the electrical and digital building infrastructure, where Legrand is the global specialist.

3.1.1.2 PRODUCTS

The Group offers more than 215,000 catalog items, which can be divided into four main product and system categories:

- control and command of electric power;
- cable management;
- energy distribution; and
- Voice-Data-Image (VDI).

Each product category is marketed in Legrand's major geographical markets, each country having its own specific technical or regulatory features (see section 3.2.1 of this Registration Document for further details). In addition, the technical features and the design of Legrand's products may vary, depending on whether they are intended for commercial, residential or industrial buildings.

In 2013, control and command products and systems, cable management, energy distribution, and Voice-Data-Image represented around 40%, 17%, 27% and 16% of the Group's sales respectively, the same percentages as in 2012.

3.1.1.2.1 Control and command of electric power

Control and command products and systems act as an interface between end-users and their electrical installation, enabling them to access comfort, security and communication functions in their home or workplace, including:

- comfort systems, which include lighting control, sound diffusion, and roller blind closing systems. These products range from electromechanical switches and wall sockets to dimmers, switches activated by infrared presence detectors, time switches and other automated products that enable end-users to control the flow of electricity and data;
- security systems, including emergency lighting, fire and intruder alarms, and access control systems (including audio and video entry phones) for residential and commercial buildings. These security systems are designed to enable rapid set-up by electrical installers, and to offer maximum flexibility, convenience and security to end-users;
- communication systems, which cover in-home video, telephone and IT networks. Legrand has developed significant know-how in terms of “smart” home management systems, which are known as residential, or home-automation, systems. All the household appliances and electrical networks in the home are connected, which enable the end-user to control security, comfort and energy consumption locally or remotely. These systems are contributing to the development of digital infrastructure in residential buildings.

Legrand has been designing electrical power control and command products and systems since its foundation, and benefits from unique experience, which sets it apart from its competitors.

The Group believes that it has a front-runner position in the global electrical power control and command product design market, and considers itself to be the global market leader in wiring devices (mainly switches and sockets) with an estimated market share of approximately 20%. The Group is one of the only manufacturers offering wiring devices that comply with most of the electrical standards in use around the world.

3.1.1.2.2 Cable management

Cable management systems include trunking and ducting, cable routing systems, wire-mesh cable management systems, floor boxes, electrical cable junction boxes, and various systems that enable the secure distribution of electricity and data in buildings. These items are designed to prevent any accidental contact between electrical wires and cables and other electrical or mechanical equipment, or any exposure of these wires and cables that could be hazardous for end-users. Cable management systems include a variety of plastic or metal products, which enable power and data cables to be laid either in the ground, or in a room's surrounds, or even in the ceiling.

Legrand considers itself to be the world leader in cable management systems, with an estimated share of around 13% of the accessible market.

3.1.1.2.3 Energy distribution

Energy distribution products include circuit breakers (modular circuit breakers, molded cases, air circuit breakers and residual current protection devices. etc.), surge protection, electrical measurement components, UPS (Uninterruptible Power Supply), and transformers, plus panels and systems for installing and connecting these devices. These products enable people and goods to be protected against major electrical risks (e.g. electric shocks, overheating, short-circuits, and surge) and the reliable supply of high-quality electric power to buildings, regardless of whether they are for residential, commercial, or industrial use. They also enable the protection of renewable energy sources.

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

3.1.1.2.4 Voice-Data-Image (VDI)

Legrand offers a full-range of pre-wired systems for IT, telephone and video networks, like the new high-debit data transmission *RJ45* wall socket, fiber optic jacks, connection panels, cabinets, boxes, VDI cable management accessories, and copper and fiber optic VDI cables, all of which facilitate the organization of VDI (including IP) networks in residential and commercial buildings.

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

3.1.2 - History

The main stages in Legrand's development are:

- 1926: foundation of the Legrand company, specializing in the production and decoration of china;
- 1946: acquisition of Legrand by the Verspieren and Decoster families;
- 1949: Legrand focuses exclusively on the manufacturing of wiring devices;
- 1966: first operations outside France, primarily in Belgium and Italy;
- 1970: Legrand is admitted to the Paris Stock Market;
- 1977: first operations outside Europe and in new economies, via the acquisition of Pial, the leading Brazilian wiring device manufacturer;
- 1984: first operations in the United States with the acquisition of *Pass & Seymour*, the second largest US wiring device manufacturer;
- 1987: inclusion of Legrand in the CAC 40 Index;
- 1989: acquisition of *Bticino*, Italy's leading electrical device manufacturer;

  Legrand's total sales exceed €1 billion;
- 1995: issue of a 400 million dollar Yankee bond maturing in 2025;
- 1996: first operations in India, with the takeover of MDS; acquisition of the Watt Stopper, the US leader in the highly energy-efficient lighting systems market;
- 1998: Legrand's total sales exceed €2 billion;
- 1999: opening of *Innoval* (8,000 m^2) in Limoges, which is both a showroom and a training center for Group customers;
- 2000: acquisition of *Wiremold*, the leading manufacturer of cable management systems in the United States;
- 2001: Schneider Electric launches a full friendly tender offer for Legrand; the Brussels Commission opposes the planned merger in October 2001.

  As Legrand had planned prior to the merger with Schneider Electric, a new organizational structure is introduced with the aim of separating Front Office and Back Office responsibilities (see section 3.3 of this Registration Document);
- 2002: finalization of the "demerger" from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2005: Legrand becomes the leader in the Chinese wiring device market with the acquisition of *TCL*, the market leader;

  the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on NYSE Euronext; Legrand adheres to the Global Compact;
- 2007: the Group's total sales exceed €4 billion;
- 2010: first Eurobond issue, amounting to €300 million, and maturing in 2017; publication of the new sustainable development initiative roadmap;
- 2011: Legrand returns to the CAC 40 index; acquisitions of Middle Atlantic Products Inc., the leader in audio and video enclosures in North America, and SMS, the market leader in Uninterruptible Power Supply (UPS) systems in Brazil;
- 2012: acquisition of Numeric UPS, India's market leader for low- and medium-power UPS;

  Legrand rated A- by Standard and Poor's;
- 2013: total sales for the United States/Canada region exceed $1 billion.

3.2 - A PROFITABLE-GROWTH STRATEGY, DRIVEN BY LEADERSHIP

In keeping with the Group's four values (innovation, customer awareness, ethics of behavior and optimization of resources), Legrand's medium-term strategy, excluding the effects of economic cycles, consists in accelerating its profitable and sustainable growth, in particular by growing its businesses internationally and in promising new business segments through innovation and targeted acquisitions, thereby strengthening its leadership positions worldwide year after year. Thanks to the soundness of its economic model, and to ongoing efforts to improve that model, Legrand intends to continue to self-finance its expansion, and to reinforce its profitable growth profile, thereby creating value for all of its stakeholders.

3.2.1 - A market characterized by high entry costs

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

- differences in installation habits and design preferences;
- the need to offer customers an extensive range of products and systems with multiple functionalities; and
- the need to establish relationships with the many players in the industry, regardless of whether they are local electrical distributors, electrical installers, product specifiers, or end-users.

Legrand's products are subject to quality and safety controls and regulations. They are governed by standards that are primarily national and international, such as European Union directives, and by product standards adopted by international organizations, like the European Committee for Electro-Technical Standardization, and the International Electro-Technical Commission.

3.2.2 - Legrand, a market leader with a unique positioning

3.2.2.1 A GLOBAL PLAYER, SPECIALIZING IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURE

Unlike its large multinational competitors, Legrand focuses on the development, manufacturing and marketing of a full range of products and systems for electrical and digital building infrastructure. This specialization in its business area, without any diversification, has enabled Legrand to acquire a unique technical and commercial expertise, which covers its entire business sector.

This specialization is applied on a global scale, and guaranteed by the Group's presence in over 80 countries through subsidiaries, branches and representative offices, as well as through the marketing of the Group's products in close to 180 countries.

By leveraging its strong local presence, Legrand has established longstanding commercial relationships with key local distributors and electrical installers, as well as with product specifiers who provide Legrand with thorough knowledge of market trends and demand.

3.2.2.2 A MARKET LEADER WITH FRONT-RUNNER MARKET SHARES

Legrand believes that it is the worldwide leader in wiring devices (mainly switches and sockets) with an estimated market share of around 20% in 2013. It also estimates that it is the world leader in the cable management segment, with a market share of approximately 13% in 2013.

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

- France, Italy, Russia, Hungary, Brazil, Chile, Peru, Mexico and China in the wiring device sector;
- the United States, Mexico, France, Saudi Arabia, Malaysia and other countries in the cable management sector;
- France, Peru and Australia, in the security lighting products sector;
- in India, Brazil and Turkey in particular in the UPS sector;

- Poland, Brazil, Colombia, India, France, and Russia in the modular protection sector.

Overall, the sales generated by Legrand from a position as the market leader or as number two in respective markets accounted for 68% of Group sales in 2013. Legrand believes that this first-rate competitive positioning makes it the standard-setter for distributors, electrical installers, product specifiers, and end-users, while boosting demand for its products.

3.2.2.3 A PORTFOLIO OF RENOWNED BRANDS OFFERING A FULL RANGE OF PRODUCTS AND SYSTEMS

The Group believes that it offers a range of products that distributors, electrical installers, product specifiers, and end-users associate with a high-quality image, and to which they remain loyal. In particular, Legrand believes that electrical installers and product specifiers, who are the main drivers of demand, have trusted the Group's brands, products and systems for many years, given their safety, reliability and ease of installation and use.

Moreover, Legrand believes that its offer, which features more than 215,000 different products organized into some 78 product categories, is among the most exhaustive on the market. In addition, Legrand believes that it is the only market player offering a range of wiring devices that is both compliant with most international electrical standards, and that meets the expectations of electrical installers and end-users, primarily due to its easy integration into systems.

Legrand markets its products under internationally recognized general brand names, like *Legrand* and *Bticino* as well as under an extensive portfolio of some 40 specialist brands, like *Ortronics*, *Cablofil* and *Zucchini* and very well-known local brands. Legrand primarily markets its products under the following brands for each geographical area:

- in France, *Legrand*, *Arnould*, *Cablofil*, *Planet Watthom*, *Bticino*, *Sarlam*, *Zucchini*, *URA* and *Alpes Technologies*;
- in Italy, *Bticino*, *Legrand*, *Zucchini*, *Cablofil*;
- in the Rest of Europe area, *Legrand*, *Bticino*, *Cablofil*, *Van Geel*, *Zucchini*, *Kontaktor*, *Electrak*, *Estap*, *Inform* and *Minkels*;
- in the United States and Canada, under brands backed by the *Legrand* brand such as *Pass & Seymour*, *Wiremold*, *WattStopper*, *Ortronics*, *Cablofil* and *OnQ*, and through own-brands such as *Vantage*, *Electrorack*, *Lastar* and *Middle Atlantic Products*;
- in the Rest of the World area, under brands backed by the *Legrand* brand such as *Pial*, *TCL*, *Shidean*, *Cemar* and *Anam* and under own-brands such as *Legrand*, *Bticino*, *Cablofil*, *Lorenzetti*, *HPM*, *HDL*, *SMS*, and *Numeric UPS*.

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

As a general rule, Legrand only grants licenses on its trademarks to third parties in exceptional circumstances. Moreover, with the notable exception of the *TCL* trademark, which the Group uses under license, it does not usually license trademarks belonging to third parties.

3.2.2.4 A BALANCED MARKET POSITIONING

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

- the market covers the new-build and renovation sectors, although the last sector is less sensitive to economic cycles than the new-build sector, as it requires lower investments, and benefits from a recurring flow of activity arising from regular maintenance and modernization needs. Legrand estimates that approximately 51% of its sales were generated by the renovation market in 2013, while the new-build market accounted for around 49% of its sales in the same year;
- the market breaks down into three sectors, depending on the categories of buildings and end-users: the commercial sector, which is itself composed of many vertical segments in which business trends can differ, includes buildings like hotels, offices and retail outlets, and also public buildings like schools or hospitals, where Legrand estimates that it generated 49% of its 2013 revenue, the residential sector (44% of its 2013 revenue), and the industrial sector (7% of its 2013 revenue), each of which has its own growth momentum;
- the market is characterized by a business flow fueled mainly by a high level of relatively low-value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;
- in addition, certain businesses, like the new business segments (digital infrastructure, energy efficiency, home systems, and wire-mesh cable management) or assisted living, are driven more by technological, social and societal developments than by the construction market;
- finally, a highly diversified geographical presence limits the Group's dependence on the specific economic performance of one or several countries. In fact, Legrand has commercial and industrial operations in over 80 countries, and markets a wide range of products in close to 180 countries. Specifically, Legrand generated nearly 40% of its 2013 sales in new economies (see section 3.1.1.1.1 of this Registration Document).

3.2.3 - A development driven by two growth engines

Legrand is constantly seeking to develop its market share and revenue on a profitable basis, by relying on two self-financed growth engines: organic growth, which is driven by innovation and the regular launch of new products; and targeted acquisitions of companies that are front-runners in their business area.

3.2.3.1 ORGANIC GROWTH SUPPORTED BY INNOVATION AND THE LAUNCH OF NEW PRODUCTS

Innovation and new product launches are at the heart of Legrand's growth and increased market share strategy.

3.2.3.1.1 A proactive and targeted research and development policy

On average, Legrand dedicates 4 to 5% of its sales* each year to research and development.

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

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- incorporating new technologies in the product offering, thereby enabling end-users to enjoy the widest possible choice of technology to suit their needs, at all times;
- the ability of Legrand's product lines to work together in an integrated system;
- product functionality; and
- new designs.

3.2.3.1.2 Know-how that is recognized for its innovation

Legrand has a long, recognized track record in terms of innovation, and of the development of new products that create value for its economic chain. Legrand adds higher value-added products to its ranges on a regular basis, including by using materials like leather, wood and steel, together with new high-technology solutions. Examples of these solutions include the universal media socket, a circuit breaker with an automatic reset function, *My Home*, Legrand's home automation range, which simultaneously manages lighting, security, heating and audio and video broadcast in residential buildings in a simple, ergonomic way, the introduction of Zigbee technology in a commercial range, and Ethernet connectivity offering the highest speeds.

Legrand also focuses its efforts on low-end product ranges, which enable it to meet all the requirements in its markets, especially in new economies.

In addition, the Group has developed a special expertise in energy efficiency to reduce energy consumption and minimize the environmental impact of buildings, including lighting management, solutions for measuring and managing consumption, and a range of solar cell equipment protection devices.

3.2.3.1.3 Effective management of research and development activities

Research and development is managed by three industrial divisions (see section 3.3.3 of this Registration Document) that decide on the allocation of projects among the various teams spread across the world at a global level. A significant portion of Legrand's research and development work is carried out in France, Italy, the United States, China, as well as in other countries closer to markets. At December 31, 2013, around 2,100 employees in approximately 16 countries were employed in research and development, 30% of them in new economies.

This global organizational structure enables the Group to optimize its research and development by designing products that share the same platform. It enables a rationalization of the number of components and a reduction in manufacturing costs, as well as the pooling of development costs and thus the dedication of more resources to high-growth businesses like digital systems. In addition, Legrand anticipates the international roll-out of its products as soon as it designs them. The new range of Linkeo Voice-Data-Image cabinets launched in Eastern Europe in 2013 will, for example, be rolled out in other countries in order to capture the growth in this economic segment in the various geographical regions.

3.2.3.1.4 A substantial patent portfolio

Legrand holds approximately 4,000 active patents in over 70 countries, some of which relate to the protection of the same or similar technologies in several markets. Legrand believes that its level of dependence on third party patents is not material to the assessment of its business development prospects.

The Group's patents cover nearly 1,600 different systems and technologies. The average life of the Group's patent portfolio is around nine years, which also corresponds to the average life of the patents held by Legrand's competitors.

* *Research and development expenses before purchase accounting charges relating to the acquisition of Legrand France and including capitalized development costs.*

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

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

3.2.3.2.1 A fragmented market

The Group's accessible market, which Legrand estimates to be worth more than €80 billion, remains highly fragmented, since around 50% of global sales are generated by small- and medium-sized companies, which are often local, and typically enjoy only a marginal share of the global market. With an accessible global market share of some 6% in 2013, Legrand is one of the market references. Market fragmentation is partly due to differing standards and applicable technical norms, and to end-users' habits in each country. Attempts to harmonize standards to make products usable on a very large scale have failed, especially within the European Union, due primarily to the size of the investment required to replace existing electrical networks for only limited added-value. As a result, a significant portion of the electrical and digital building infrastructure product and system market has traditionally remained in the hands of small local manufacturers, the potential acquisition of which may represent a growth opportunity for Legrand.

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

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

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

Growth through targeted and self-financed acquisitions is a fully-fledged part of the Group's development model, and the Group has acquired, and "docked" over 140 companies into its consolidation scope since 1954.

In 2013, Legrand continued its acquisition-based growth strategy in the new economies, acquiring Seico, the Saudi leader in industrial metal cable trays and signing a joint-venture agreement with Adlec Power, one of India's main producers of distribution boards. The Group also strengthened its positions in new business segments with the purchase of S2S Onduleurs, a specialist in UPS (Uninterruptible Power Supply) in France. Lastly, Legrand strengthened its positions in the assisted-living segment with the acquisition of Tynetec, a frontrunner in systems dedicated to assisted living in the United Kingdom.

In early 2014, and at the time of the filing of this Registration Document, Legrand had processed the acquisition of Lastar Inc., a frontrunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States, and Neat*, Spanish leader in assisted living systems.

3.2.3.2.3 Financial discipline

The rate of acquisitions takes account of the economic environment.

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

- increase its local market share; and/or
- expand its product range and technology portfolio; and/or
- boost its presence on markets with high growth potential; and
- are carried out in compliance with its financial criteria, which primarily include:
  - an acquisition price that corresponds to valuation multiples that are lower than or equal to those applied to comparable companies in the same sector (in terms of market positioning and growth potential), and where the calculation only includes the synergies achievable in the short term, and only relating to operating expenses, except where an exception is justified,
  - a positive impact on net income from the first year of full consolidation,
  - a value-creation target (a return on invested capital that is higher than the weighted average cost of capital) at the end of three to five years.

* *Joint venture with Legrand holding 51% of equity.*

3.2.4 - A profitable and self-financed business model

3.2.4.1 A MODEL BASED ON PROFITABLE GROWTH

3.2.4.1.1 A market characterized by favorable pricing trends

On a global basis, Legrand's accessible market is characterized by a relative lack of range commoditization, and by a very diffuse flow of business from hundreds of thousands of electricians. These electrical installers, product specifiers, or end-users pay more attention to products' technical features than to their price. Electrical installers, for instance, tend thus to favor market-leading products that can be installed efficiently (safety, quality, reliability, and ease and speed of installation), and that offer the quality expected by the end-user (functionality, design and ease of use), over the price of products. This is one of the reasons why Legrand invests 4 to 5% of its sales in research and development every year, and provides a steady flow of new products. See section 3.2.3.1 of this Registration Document.

While some deflationary industries are seeing the price of their products eroded, Legrand's market is displaying a different overall trend. In particular, end-user sensitivity to product prices is specifically mitigated by the fact that electrical installations (including cables and labor) usually account for only a small portion of the total average cost of a new-build construction project (between 6 and 7% for a residential project, for example).

In addition, Legrand enjoys a certain degree of control over its tariff structure, through its ability to innovate on a regular basis, which has been strengthened by developing pricing expertise ensured by pricing managers all over the world who are responsible for managing sale prices. More generally, all the Group's management and finance staff have been trained on, and made aware of price management. On a historical basis, Legrand's sale prices have increased by an overall average of 2% per year over the last twenty years.

3.2.4.1.2 Profitability driven by an ongoing improvement in competitiveness

Legrand relies on its efficient and responsive Back Office (see section 3.3.3 of this Registration Document), to constantly improve its competitiveness. Therefore, by drawing inspiration from methods based on creativity and "lean manufacturing", as well as from innovative approaches such as the concept of a product and industry platforms, Legrand is continuously optimizing its cost base. A portion of these gains are specifically reinvested in research and development, and in Front-Office initiatives aimed at boosting organic growth thus contributing to the concept of self-financed development of Legrand's business model.

More generally, the ongoing improvement in productivity, combined with the operational leverage provided by sales growth and, even more importantly, strong commercial positions (68% of sales are generated from number one or number two positions) enables the Group to generate a high level of profitability while consolidating, year after year, new acquisitions where profit margins are lower than the Group's.

The Group's adjusted operating margin amounted thus to approximately 16% on average between 2002 and 2009, and to 20% between 2010 and 2013.

3.2.4.2 HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight controls on capital employed (working capital requirements and capital expenditure), Legrand's economic model enables the Group to generate high levels of free cash flow over the long term. The free cash flow generated amounted to 13% of sales over the last three years.

Legrand has historically been able to generate high and sustained cash flows, which have enabled it to benefit from significant financial and operational flexibility to self-finance the development of its business through innovation and acquisitions. Between 2003 and 2013, free cash flow amounted to 72% of adjusted operating income, and to approximately 13% of sales, compared with 43% and more than 6% respectively between 1990 and 2002. This reflects the structural improvement in Legrand's ability to convert its adjusted operating income into cash, and to generate a significant level of free cash flow on a recurring basis.

The development of product platforms, the systematic application of its "make or buy" approach to all planned investments, the transfer of certain manufacturing processes to less capital intensive countries, and a reduction in capital expenditure requirements have therefore enabled Legrand to reduce its ratio of capital expenditure to sales from an average of around 9% between 1990 and 2002 to 3.5% on average between 2003 and 2013. Legrand believes that the development of its business model and its improved operational structure should enable it to maintain capital expenditure to sales ratio within a normalized range of, on average, between 3% and 3.5%.

At the same time, Legrand lowered its working capital requirement to sales ratio from an average of approximately 21% between 1990 and 2002 to an average of around 10% between 2003 and 2013, and of even less than 10% in 2009 and 2013. The Group believes it is in a position to maintain its working capital requirement to sales ratio at under 10%, excluding significant acquisitions.

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

3.3 - AN ORGANIZATIONAL STRUCTURE THAT SUPPORTS THE GROUP'S STRATEGY AND CUSTOMERS

Legrand has manufacturing and marketing sites and subsidiaries in over 80 countries. In late 2001, Legrand introduced a certain number of operational and organizational initiatives aimed at accelerating growth, increasing the Group's responsiveness, and generating free cash flow in order to self-finance that growth. Following this reorganization, Legrand's organizational structure is based on two distinct roles: sales and marketing activities (the Front Office), and manufacturing, purchasing, logistics and general administration activities (the Back Office).

- The Front Office is organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers, and end-users. This aim of this decentralized organizational structure, run by local managers, is to develop sales in accordance with the strategy set out by the Strategy and Development Department and approved by Senior Management, to raise commercial profitability, and to reduce working capital requirements for each country.
- The Back Office, is organized on a centralized basis and includes the Group's departments in charge of manufacturing, research and development, purchasing, logistics and general administration. Three industrial divisions are responsible for product manufacturing and research and development. Their goal is to make the Group even more competitive, thanks to the optimization of its industrial organizational structure and to the development of new products through intensifying research and development efforts, reducing costs and optimizing capital employed at a global level. The Heads of the various industrial divisions, as well as the Head of each of the main operational departments, report directly to Legrand's Senior Management. This operational structure enables the Group to increase its worldwide efficiency and responsiveness.

3.3.1 - Experienced and motivated directors and management

On average, most members of Legrand's Senior Management team have around 20 years of experience in the electrical and digital building infrastructure industry. In addition, the Group's current, and former senior and main executive managers held 3.9% of the Company's share capital at December 31, 2013.

Their experience and commitment have allowed Legrand to create and maintain a unique corporate culture, which inspires and rewards talent and initiative. The influence of its Senior Management team has enabled Legrand to record sustained growth and a strong financial performance.

The Group has also set up long-term performance-linked profit sharing schemes involving over 1,900 beneficiaries in order to create value over the long term and increase the management team's loyalty to the Group (see sections 8.2 and 8.3 of this Registration Document). For the main managers of the Group, this system is dependent on future performance conditions and in addition to this,for members of the Executive Committee specifically, it is also indexed to the stock price.

3.3.2 - Front Office

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

3.3.2.1 THE FRONT OFFICE'S ROLE AND RESPONSIBILITIES

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

- increasing market share and sales;
- increasing commercial profitability; and
- optimizing working capital requirements through efficient inventory and accounts receivable management.

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

Local sales and market share growth is achieved in line with the strategy set out by the Strategy and Development Department and approved by Senior Management.

Furthermore, the Group is developing its pricing expertise with pricing managers all over the world, backed by the local marketing and finance teams, who devote part of their time to managing pricing. Their role is to reflect the innovation that Legrand's products bring to the market in pricing, and to adjust sale prices by product category, or even by catalog reference, specifically taking into account trends in raw material and component prices, inflation, and market conditions.

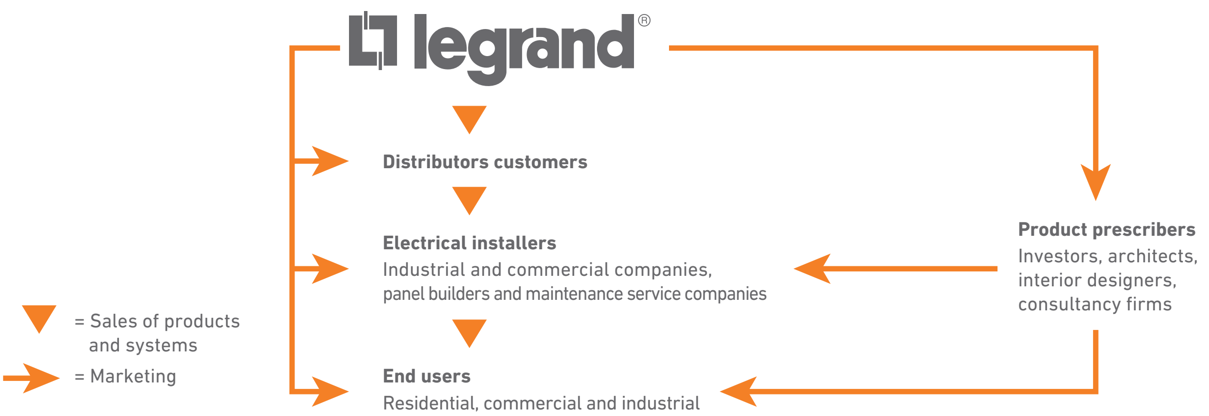
3.3.2.2 AN ECONOMIC CHAIN SUITED TO MARKET FLOWS

As part of its business, Legrand distinguishes between distributors, electrical installers, product specifiers, and end-users:

- Legrand's distributors are electrical and digital device and equipment distributors. These can be generalist distributors, the reference distribution channel for Legrand products because it offers broad expertise and unique coverage of the market, or distributors specialized in specific fields (IT, VDI, etc.) or specific distribution channels such as e-commerce. Sales to distributors amounted to around 95% of the Group's consolidated sales in 2013;
- electrical installers are professionals and individuals who buy, install and use Legrand's products. The professional category includes electricians, business-owners, panel builders, and industrial and commercial companies with a business activity connected to the installation of electrical products and systems;
- product specifiers are the architects, decorators and design firms that fuel the demand for Legrand's products by recommending their installation to end-users or by specifying them in the design of certain building projects;
- end-users are the people who use Legrand's products in the environment where these products are installed or used.

Legrand's relations with its distributors are generally governed by the terms and conditions of sale specific to each local market.

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



3.3.2.3 A "PUSH-AND-PULL" STRATEGY

Sales and marketing are the responsibility of the Front Office, where headcount amounted to 19.2% of Legrand's worldwide headcount in 2013 (see section 5.4.4.2 of this Registration Document). Marketing efforts are focused on each level of the distribution chain (distributors, electrical installers, product specifiers and end-users), in accordance with the Group's "push-and-pull" strategy, the aim of which is outlined below. These efforts are primarily aimed at providing market players with information, training, and other services relating to the Group's entire range of products and systems, alongside sales. Legrand believes that making access and use of its products easier for distributors, electrical installers and end-users enables the Group to create significant product and brand loyalty, and to generate demand for its products and systems at each level of the distribution chain.

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

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

Legrand's "push" strategy includes:

- *priority inventories*. In France, many distributors have agreed to maintain permanent inventories of certain Legrand priority products. In return, Legrand ensures not only that large amounts of non-priority finished products are held in its inventory but also that flexible and reactive production, based on the "Lean" concept enables it to fill its distributors' orders quickly. In the event of an emergency, products that are not stocked by distributors can be delivered anywhere in France within 24 to 48 hours via the "Dispo-Express" service;
- *inventory management*. In the United States, Wiremold and Legrand Data Communications, US subsidiaries of the Group, can access the inventory levels of some of their main distributors on a daily basis. If inventory levels drop below a pre-defined threshold, new inventories are prepared and shipped immediately;
- *intelligent sorting*. In order to optimize the logistics chain, Legrand pre-sorts its products before dispatching them to electrical equipment distributors in France, thereby anticipating the steps these distributors will have to follow in order to distribute the products to their agencies and clients. This value-added service, which is intended for the largest product flows, decreases the preparation work that the distributors have to perform themselves, reduces dispatch errors, and lowers handling costs, giving Legrand a competitive edge that is appreciated by its customers;
- *setting up logistics platforms*. Legrand manages its international distribution via logistics platforms from which it dispatches its products. By reducing the distance between its products and customers, Legrand is improving the service provided, and significantly reducing delivery lead times. Legrand has installed logistics platforms in Asia, the Middle East and in Eastern Europe. All these subsidiary-owned platforms and warehouses, are connected by a single network which makes it possible to synchronize their inventories on a daily basis. Using logistics platforms also enables to transport more product in fewer trips, thus reducing CO_2 emissions in view of the protection of the environment.

Legrand enjoys strong, long-standing commercial relationships with its electrical equipment distributors, and particularly with its two largest distributors, the Sonepar and Rexel wholesale electrical product distribution groups. In 2013, sales to Sonepar and Rexel accounted for approximately 23% of the Group's consolidated sales, although this percentage varied from country to country. Legrand believes that no other sole distributor accounted for more than 5% of the Group's global revenue in 2013. Legrand's main customers include, in particular, CED, Partelec, Comet, FinDea, Graybar, Wesco, Home Depot, Anixter, Lowe's and Bunnings.

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

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

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

Legrand offers training programs to local distributors and electrical installers, including at its Innoval international training centers in Limoges and Paris, France. These training programs are designed to expand electrical installers' expertise and service offering by familiarizing them with the Group's latest product innovations and installation methods. The Innoval training centers offer more than 50 separate hands-on programs in different areas, ranging from home automation, the wiring of electrical cabinets, and fiber-optic cabling to installing security lighting systems, or providing training on current regulations and technical standards. In 2013, the Innoval centers welcomed more than 4,500 visiting customers, and over 6,000 trainees. In addition, Legrand offers local training programs in many countries, including Italy, Brazil and the United Kingdom, as well as in Chile and Dubai, where training centers have been opened.

Legrand offers various software applications specifically designed to assist professionals depending on their activity (from architects to electricians) or project types. XLPro[3], one of the main business software applications offered by the Group, aimed at designers and manufacturers of power distribution panels, makes it possible to plan the distribution and siting of the boards and to visualize and cost entire projects. LCS Pro[2] can be used to configure VDI cabinets, while Je Chiffre et Je Vends and Chantier Chrono can cost and manage lists of electrical equipment for home and small business-type projects.

Legrand also publishes e-catalogs on the websites of its various brands, making it possible to conduct *ad hoc* searches for technical, commercial and logistics data, certifications and installation tools, for all product categories.

Lastly, Legrand offers applications for tablets and smartphones (including, in particular, e-catalog for the iPhone, Ma Maison Céliane, My Home Technical Guide and Drivia/XL3[3]) facilitating searches for information on electrical installation products, configuration and costing.

Legrand promotes its products via marketing initiatives in particular toward electrical installers. The Group also seeks to stimulate demand among end-users by actively promoting its products through advertising campaigns and targeted marketing events promoting the design and functionalities of its products. Within this context, since 2011, Legrand has been implementing innovative marketing and sales initiatives: the "Lab by Legrand" in Paris where individuals, architects, decorators, distributors and electrical installers can experience the Group's high-end wiring devices in a unique setting, the Milan concept store which offers an innovative, interactive setting in which to experience Bticino's many applications and solutions, and the new multi-brand (Legrand, Btcino and Vantage) concept store, "B Inspired," in Brussels. Continuing this momentum, Legrand opened a new concept store in 2013 in the United States, the "Experience Center" in Hartford, in which customers get to experience a world of innovation and design. Finally Legrand is also developing its relationship with end-users by continuously strengthening its presence on social networks and more generally on the Internet especially through its corporate website http://www.legrand.com and websites in local languages in most countries in which the Group operates.

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

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

3.3.3 - Back Office

Legrand's Back Office is centralized at the Group level, and is dedicated to developing new products, reducing costs, and optimizing capital employed. The Back Office organizes and manages the manufacturing process, research and development, purchasing, logistics, and general administration.

In order to improve its competitiveness and the flexibility of its cost structure on an ongoing basis, Legrand intends to pursue the operational initiatives implemented each year. By relying on organizing its product manufacturing and development activities into three industrial divisions, the Group seeks to optimize its expenditure and reduce its impact on the environment on an ongoing basis, manufacturing products as near as possible to the areas where they are marketed (such local manufacturing is also reflected in an overall balance of sales and costs in currencies.) In addition, the Group is continuing with the ongoing streamlining of its production system, for example by setting up product platforms for developing and manufacturing its range of wiring devices. These platforms primarily enable the Group to make significant reductions in the number of components, and to increase the utilization rate of production equipments. Lastly, the global and centralized organization of the Back Office enables the Group to quickly adapt its structure to changes in its business.

MANUFACTURING

Due to the close relationship between manufacturing and the technology employed, Legrand's product manufacturing and development activities are organized into three industrial divisions, which pool specific industrial process and product manufacturing expertise, and are in line with the structure of the Group's markets:

- the Wiring Devices and Home Systems Division, where the aim is to develop ranges that combine comfort, security and communication functions, while adding a strong aesthetic dimension to the products;
- the Energy Distribution and Industrial Applications Division, which aims to develop a broader product and system portfolio in order to improve its response to commercial and industrial requirements, particularly in terms of protection;
- the Infrastructure and Commercial Systems Division, which for its part is responsible for developing a dedicated product range for commercial buildings (lighting management, Voice-Data-Image, security, energy efficiency, and cable management).

The role of the industrial divisions is as follows:

- developing new products;
- defining and implementing its industrial plans, in line with its commercial development;
- improving the cost price on an ongoing basis; and
- reducing capital employed and, in particular, capital expenditure and inventories.

More specifically, the industrial divisions' ongoing goal is to improve their industrial performance and reduce capital employed by:

- incorporating these criteria as soon as the products are designed, and specifically by developing product platforms;
- streamlining and optimizing industrial sites;
- specializing certain plants by product line or technology in order to reach critical mass and prevent the dispersal of resources and skills;
- systematically applying a "make or buy" approach to all new projects in order to determine whether to invest in new manufacturing assets or to use sub-contractors and thereby gain in flexibility and adaptability, while at the same time reducing the amount of capital employed; and
- executing "lean manufacturing" projects in order to optimize productivity and capital employed.

RESEARCH AND DEVELOPMENT

Research and development is a vital driver for Legrand's profitable growth, and is the industrial divisions' responsibility. Research and development expenditure (excluding amortization charges relating to the acquisition of Legrand France, and including capitalized development costs) amounts to between 4 and 5% of sales (see section 3.2.3.1.1 of this Registration Document).

PURCHASING

As part of its industrial reorganization, Legrand has implemented a centralized purchasing policy since 2003, in order to optimize its purchases and to reduce its consumption costs. The organization of the Group's purchases is characterized by:

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

This new organizational structure has optimized purchasing by:

- consolidating purchases for all the Group's divisions;
- purchasing raw materials and components from countries where costs are lower, and primarily via international purchasing offices in Asia, Latin America and Eastern Europe; and
- optimizing raw material and component specifications on an ongoing basis.

LOGISTICS AND INVENTORY MANAGEMENT

Legrand's main goal in terms of logistics is to ensure the delivery of products to its distributors within the specified timeframe, while adapting the volume and nature of dispatches to the lowest storage, preparation and transport costs. Recent initiatives designed to streamline inventory management have enabled Legrand to decrease its inventory value to sales ratio from an average historical level of close to 17% between 1990 and 2002 to an average level of 14% between 2003 and 2013.

The Group has logistics systems that are suited to local market conditions, in every market where it distributes its products, enabling it to take orders and dispatch products from local inventory or via a central or regional distribution center. In addition, the various distribution sites are connected to a central distribution resource planning (DRP) tool, which records inventories and forecasts of each subsidiary, and local customer orders every night, in order to schedule supplies at the global level, and so optimize finished product inventory levels.

This replenishment system is connected to the management systems of the Group's various manufacturing sites, so that they are informed of market requirements almost on a real-time basis. In addition, each site uses cutting-edge planning tools, like Manufacturing Resource Planning and Kanban, to optimize the number of components required for assembly and the use of manufacturing capacities.

Legrand believes that its logistics organization must enable it to guarantee a high-quality service to its distributors, in terms of availability as well as flexibility, speed and adaptability.

3.4 - OTHER INFORMATION

3.4.1 - Suppliers and raw materials

Legrand does not depend on any single supplier for the purchase of the main raw materials or components used in the manufacture of its products. It believes that most of the raw materials and components required by its operations will remain available in all of its major markets.

In 2013, the main raw materials used to manufacture Legrand products were:

- plastics: Legrand uses lots of different plastics of varying grades and colors for the design of its products, which are selected according to their physical properties and their ability to meet certain requirements such as durability, heat and impact resistance, and ease of molding, injection, or welding with other components;
- metals: in particular, steel which is used in mechanisms and structures, as well as brass and copper, which are used mainly for their conductive properties; and
- packaging materials.

Legrand also buys a large number of finished and semi-finished electro-mechanical and electronic components intended for incorporation in its products.

The table below sets out the relative share of the Group's raw material and component purchases as a percentage of Group sales for the 2012 and 2013 financial years:

(% of consolidated sales)	2013	2012
Raw materials	9.7%	10.1%
Components	22.5%	21.6%
TOTAL	**32.2%**	**31.7%**

3.4.2 - Property, plant, and equipment

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

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

- the Ospedaletto site which is leased; and
- the Boxtel, Eskisehir, Fairfied, Fort Mill, Huizhou, Madrid, Mumbai, Murthal, Pantin, Pau, Rancho Cucamonga, Santiago, Scarborough, Shenzhen, Sydney, Tijuana and Wuxi sites, which are rented.

At the date of the current Registration Document was filed, and to the knowledge of the Company, there are no significant charges on the property, plant and equipment described below.

Site or subsidiary	Size (in thousand m²)	Principal use	Location
France			
Legrand Limoges	194	Headquarters/Manufacturing/ Distribution/Administrative services/ Storage	Limoges and its region
Other French sites	270	Manufacturing/Administrative services/ Distribution	Malaunay, Fontaine-le-bourg, Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont à Mousson and Belhomert
Verneuil	90	Storage	Verneuil-en-Halatte
Italy			
Bticino Italy, Meta System Energy	253	Manufacturing/Distribution/ Administrative services/Storage	Varese, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria and Reggio nell'Emilia
Portugal			
Legrand Electrica	25	Manufacturing/Distribution/ Administrative services/Storage	Carcavelos
UK			
Legrand Electric	30	Manufacturing/Distribution/ Administrative services/Storage	Scarborough, West Bromwich, Consett and Blyth
Spain			
Legrand España	40	Manufacturing/Distribution/ Administrative services/Storage	Madrid, Barcelona and Pamplona
Poland			
Legrand Polska	34	Manufacturing/Distribution/ Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	30	Manufacturing/Distribution/ Administrative services/Storage	Szentes
Slovakia			
Legrand Van Geel Slovakia	10	Manufacturing/Distribution/ Administrative services/Storage	Kosice
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/ Administrative services/Storage	Soest
United States and Canada			
Wiremold, Ortronics, Pass & Seymour, Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack, Nuvo	205	Manufacturing/Distribution/ Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Pico Rivera, Fort Mill, Fairfield and Anaheim
Mexico			
Bticino de Mexico	46	Manufacturing/Distribution/ Administrative services/Storage	Queretaro and Tijuana
Brazil			
Legrand Brazil, Cemar, HDL and SMS, Daneva	115	Manufacturing/Distribution/ Administrative services/Storage	Campo Largo, Caxias do Sul, Manaus, São Paulo, Aracaju and Vila Varela

Site or subsidiary	Size *(in thousand m²)*	Principal use	Location
Colombia			
Luminex	20	Manufacturing/Administrative services/Storage	Bogota
China			
Rocom, Legrand Beijing, TCL, Legrand, Shidean	100	Manufacturing/Distribution/Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen and Wuxi
Russia			
Kontaktor, Leten, Firelec	120	Manufacturing/Distribution/Administrative services/Storage	Ulyanovsk, Moscow
Australia and New Zealand			
HPM	42	Manufacturing/Distribution/Administrative services/Storage	Sydney and Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS and Adlec Power	110	Manufacturing/Distribution/Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry and Jhajjar
Malaysia			
Megapower	10	Manufacturing/Administrative services/Storage	Seri Kembangan
Netherlands			
Legrand Nederland, Aegide	40	Manufacturing/Administrative services/Storage	Boxtel, Veghel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap, Inform	60	Manufacturing/Administrative services/Storage	Gebze, Eskisehir and Istanbul
Saudi Arabia			
Seico	19	Manufacturing/Administrative services/Storage	Jeddah, Dammam

3.4.3 - Information by geographical area

Since Legrand's business is local, i.e. country-specific, its financial reporting is organized into five geographical areas.

Please refer to section 6.3.2.9 of this Registration Document for more information on business trends by geographical area over the past two years, and to section 5.4.4.2 of this Registration Document for a breakdown of the Group's average headcount by geographical area and by category (Front Office and Back Office).

3.4.4 - Competitors

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

- international players, including:
  - divisions of large multinational companies that compete with Legrand on a number of national markets, although only on some of the products offered by Legrand, like Schneider Electric, ABB, Siemens, General Electric, Panasonic, Eaton and Honeywell,
  - specialized companies which mainly offer one or two product categories, like Commscope and TE Connectivity (VDI structured cabling), Aiphone and Urmet (door entry systems), Crestron (home systems) Lutron (lighting control), Obo Bettermann (cable management), Panduit (VDI and cable management), and Tyco (CCTV); and
- multi-specialist companies operating primarily in a limited number of countries, like Delta Dore in France, Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira and Niedax in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada, and Chint and Potevio in China.

RISK FACTORS 04

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

All of the risks and threats identified are analyzed on a regular basis as part of the risk management process outlined in the report by the Chairman of the Board of Directors (see section 4.6.2 of this Registration Document).

The review of the risk matrix, carried out at least twice a year, did not reveal any material changes in residual risk compared with the previous period.

4.1 - INDUSTRIAL AND ENVIRONMENTAL RISKS

Environment

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

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

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

One of the commitments of Legrand's environment policy (see section 5.3 of this Registration Document) is compliance with the European Union's RoHS Directive and REACH regulation beyond their strict requirements and scope of application.

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

Legrand has designed and developed an environmental risk prevention and measurement policy. This policy includes regulatory monitoring supported by a network of environmental correspondents appointed at each Group industrial site who interface with their functional equivalents in each industrial Division and at the Group's headquarters. In addition, Legrand deploys its environmental risk identification policy to back its ISO 14001 site certification process by identifying corresponding Significant Environmental Aspects (SEAs). Furthermore, environmental audits are conducted as needed on the Group's historic sites and during the process of acquiring new activities as well. Accordingly, some 223 audits were conducted in 2013 (147 internal audits and 76 audits carried out by third parties), the majority of which were directly associated with the ISO14001 environment certification process of Group sites.

Any suspected or confirmed cases of pollution are reported to the Group through the use of specific environmental reporting (see chapter 5 of this Registration Document). It sets up provisions on its financial statements when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. Such provisions amounted to €13 million as at December 31, 2013, none of which was individually significant.

Industrial operations and business continuity

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

The likelihood that such events will occur and the overall exposure that could result for the Group are limited by the following factors and measures:

- the number and geographical dispersion of its industrial sites for all operating activities;
- regular investments for the modernization and upkeep of industrial plant and logistics;
- an active industrial and logistics risk prevention policy, comprising in particular business continuity and/or crisis management plans for the most strategic sites, aimed at ensuring the maintenance or restoration of critical functions in the shortest possible time frame. As part of this policy, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire prevention installations and takes any action deemed necessary. In 2013, 44 visits were made to assess damage risk at the Group's facilities.

Finally, Legrand has taken out a global insurance policy to cover direct property damage and potential operating loss resulting from accidents (see section 4.5 of this Registration Document).

4.2 - RISKS RELATED TO LEGRAND'S BUSINESS

Market environment: the construction sector

The Group's business could be affected by the impact that changes in general and local economic conditions have on the building sector. The sale of Legrand's products is mainly determined by the demand for such products from electrical and digital equipment professionals and building contractors. This in turn is primarily a function of the level of activity in the renovation and new construction sectors for residential, commercial and industrial buildings. The sensitivity of activity in these sectors to changes in general and local economic conditions varies according to sector. The impact of these changes may vary in time and significance across the markets and geographic zones in which Legrand operates. As is customary in its sector, Legrand does not have a customer order book which allows it to accurately predict future demand for the Group's products. If the volume of sales should decline, Legrand's profitability could be affected because certain costs are fixed over the short term.

Consequently, generalized or localized economic downturns in the countries in which Legrand markets its products could have an adverse effect on its business, results or financial position.

To anticipate these risks, the Group keeps a close eye on business trends and on profitability by geographic zone, in close collaboration with its local managers (see section 3.3.2 of this Registration Document).

Competition

The market for the Group's products is competitive in terms of pricing, product and service quality, development and timing of new product launches.

Due to their size, some of Legrand's local competitors, including some of those mentioned in section 3.4.4 of this Registration Document, may have superior financial and marketing resources. The Group's competitors may have the capacity and the ability to launch products with superior characteristics or at lower prices, to integrate products and systems more effectively than Legrand does, to secure long-term agreements with some of the Group's customers or to acquire companies targeted for acquisition by Legrand. Legrand could lose market share if it is not able to offer a broad product range, prices, technologies or quality which are at least comparable to those offered by its competitors or if it does not take advantage of new business opportunities arising from acquisitions. The Group's net sales and profitability could consequently be affected. Furthermore, in order to remain competitive, Legrand regularly launches new products that, if not well-received, could negatively affect Legrand's business in the countries where these products are launched.

Some competitors could benefit from better knowledge of their national markets and long-established relationships with electrical professionals and, as a result, have a competitive advantage. In addition, as the market for the Group's products evolves towards systems that combine traditional equipment and computerized systems, increased competition from new market entrants could lead to a decline in the Group's sales, a loss of market share or an increase in its sales and marketing expenses, or research and development costs for the markets and products in question.

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

Legrand is aware of these risks and therefore engages in ongoing research and development and marketing efforts to increase the added value of its products, while maintaining a tight rein on costs and preserving its market share (see sections 3.2.3.1 and 3.3.3 of this Registration Document).

External growth

The Group's growth strategy relies in part on the acquisition of local manufacturers that provide new technologies, new product lines, access to new markets and/or synergies with Legrand's existing operations. Legrand may not be able to consummate transactions or obtain financing on satisfactory terms, successfully integrate acquired businesses, technologies or products, effectively manage newly acquired operations or realize anticipated cost savings. Legrand may also experience problems in integrating acquired businesses, including the possible incompatibility of systems and business cultures and inconsistencies in procedures (including accounting systems and controls) and policies, the departure of key employees and the assumption of liabilities, particularly environmental liabilities. All these risks could have a material adverse impact on the Group's business, results and financial position.

A dedicated acquisitions team in the Sustainable Development and Strategic Processes Division works closely with country managers to identify appropriate targets and coordinates the acquisition process with the central departments – finance, legal, industrial, logistics and marketing (see section 3.2.3.2 of this Registration Document). Audits and due diligence are carried out prior to any planned acquisition, based where relevant on advice provided by outside consultants, in order to ensure in-depth examination of the target company's position. At every important stage of the process and according to a formal process, each planned acquisition is subject to validation reviews to confirm its advantages and to set the terms and conditions for its completion.

The acquired company is then integrated into the Group's financial reporting system, and, in broader terms, anchored in the Group in accordance with dedicated processes overseen by a multidisciplinary steering committee, with the participation of senior management. An initial internal audit is conducted as part of this integration process within the first 12 months of the acquisition to establish the action required to ensure that the acquisition's processes comply with the Group's standards.

When these acquisitions are first consolidated in the financial statements, they result in recognition of goodwill or trademarks that can be significant. The value of these intangible assets is reviewed every year (see note 2.6 to the consolidated financial statements in chapter 9 of this Registration Document). A significant decline in the income of these companies could lead to recognition of impairment that could have a material adverse effect on Legrand's financial condition and results. The calculation assumptions used in impairment tests of goodwill take into account both known and anticipated trends in sales and results by CGU (Cash Generation Unit) at the time of calculation. Rates used can vary from one year to another depending on market conditions (risk premium, interest rates). As stated in note 5 to the consolidated financial statements, mentioned in chapter 9 of this Registration Document, and was the case in 2012, no impairment of goodwill was recognized by Legrand in the 2013 financial year. The parameters relating to impairment of goodwill are outlined in this note, which also contains a sensitivity analysis of the main parameters.

Suppliers

In 2013, purchases from Legrand's top ten suppliers accounted for nearly 9% of total consumption (raw materials and components), with no single supplier reaching 3% threshold.

Moreover, to ensure a secure source of supplies, Legrand policy calls for diversifying resources whenever a recognized risk of dependence is identified. Legrand thus makes the identification of alternative suppliers an integral part of its supplier risk analysis. The geographical breakdown of supplies globally (by origin: France 17%, Italy 17%, Rest of Europe 17%, United States/Canada 15%, Rest of World 34%) is not assessed as a major risk factor (country or geopolitical risks) for the Group.

As stated in section 5.2.2.1 below, the Group Purchasing Department conducts an annual supplier risk assessment campaign based on a matrix of several criteria, addressing the risks of interdependence, suppliers' financial capacity and sustainable development aspects, among others. Suppliers presenting significant risk for the Group are identified and dedicated action plans drawn up (more stringent contracts, back-up inventories, alternative suppliers, etc.).

Since 2012, Legrand has had "Responsible Supplier Relations" accreditation, which distinguishes French companies demonstrating sustainable and balanced relations with their suppliers. The accreditation is granted for a three-year period based on an audit conducted by Vigeo[1] and is part of the ongoing application of the Charter of Inter-company Relations[2].

Information systems

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

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

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

Legrand relies on dedicated skills within the Information Systems Department to handle these risks:

- a team dedicated to improving the quality and security of information systems and the implementation of IT-specific policies, including data backups and information security, data protection, and the dissemination to all employees of guidelines on using IT resources and ensuring information security. This function is also responsible for conducting security audits of the Group's information systems, with the support of external service providers where necessary;
- project teams responsible for implementing information systems and infrastructure in compliance with specifications are organized according to established governance structures;
- support teams responsible for ensuring the continual service of infrastructure and applications define the investment and maintenance programs required;
- an Operation, Infrastructures and Services team, in charge to assist, supportand monitor the subsidiaries regarding administration, infrastructures and well as application projects.

An analysis of the risks of business-continuity or security failure is performed on five components of the Group's IT system (work stations, network, applications, infrastructure, rooms) so that business recovery and continuity plans can be regularly assessed in order to improve them.

With regard to security, customized protection and operating measures have been set up. In order to improve them and for example, the IT security recommendations published by ANSSI (France's national agency for the security of information systems) in January 2013 were assessed within the Legrand group and corrective measures are currently being rolled out in the areas identified for improvement.

(1) Vigeo is the leading European expert in the assessment of companies and organizations with regard to their practices and performance on environmental, social and governance ("ESG") issues.

(2) For more information on the Charter of intercompany relations, go to http://www.charte-interentreprises.fr/.

Legrand endeavors to integrate control and audit systems to ensure optimum oversight of management tools. The correct use of these tools is checked regularly by general or specialist internal auditors.

Human resources

Historically, Legrand's key personnel have a long track record with the Group and as such have extensive knowledge of the Company, its operations and the sector as a whole. The loss of any one of these key personnel could constitute a loss of industry and Group know-how, and could result in Legrand's competitors potentially being able to obtain sensitive information. The loss of key personnel could also adversely affect the Group's ability to retain its most important distributors, continue the development of its products or implement its strategy. The Group's internal and external development also depends in part on its ability to hire, train, motivate, promote and retain new talent in all regions in which it operates.

Legrand has developed a Human Resources policy to attract, retain and develop the expertise, talents and skills required for its business worldwide. In particular, it has rolled out programs to motivate and retain its key talent (see section 3.3.1 of this Registration Document), and established dedicated structures and processes to develop the Group's human resources, in the framework of its social and community commitments to sustainable development (see section 5.4.1 below).

Reporting of consolidated quantitative and qualitative data covering a broad scope is presented to Group management three times a year, under the responsibility of the HR Division. This reporting forms the basis of the social indicators summarized in section 5.4.4 of this Registration Document.

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

- onboarding seminars ("EVE" sessions for new hires) to share the Group's vision, strategy, culture and values;
- information media, such as the Dialeg Intranet and TV channel, Dialeg TV, featuring regular updates.

Risks relating to internal control weaknesses and/or non-compliance

Legrand's international scope entails complex administrative, financial and operational processes through entities with internal controls at different levels of development, operating in different legal environments and using heterogeneous information systems.

As such, Legrand could risk the failure of its internal control system due to erroneous and/or inappropriate transactions or operations. The Company could also be the victim of internal or external fraud (theft, embezzlement, etc.). More generally, the Group's performance may be limited by inefficient processes.

To better prevent any major internal control failure, Legrand has developed a structured, formalized process for the continuous review of its internal control system (see section 4.6.2 of this Registration Document). This is based on a *corpus* of rules and procedures, as well as key mandatory controls, disseminated to all subsidiaries. Compliance is managed through a process of self-assessment and regular reviews and audits. These rules and procedures are regularly updated to keep in step with changes in Legrand's business processes. The Company's fundamental principles also include an ethics component with requirements impressed upon all staff members.

In addition to internal control, the Group relies on the sustainable development policy described in chapter 5 of this Registration Document, which incorporates the roll-out and monitoring of a compliance program, overseen by a dedicated Compliance Committee (see section 5.2 of this Registration Document), which reports to the Risk Committee.

Lastly, with regard to fraud risk, Legrand has implemented a procedure for systematically informing the Group's Internal Audit and Finance Control departments of fraud in order to implement any corrective measures as necessary.

4.3 - LEGAL RISKS

Risks related to existing or future regulations and compliance with domestic and international standards

Legrand's products, which are sold in almost 180 countries, are subject to numerous regulations, including trade, customs and tax regulations applicable in each of these countries and on the international level. Changes to any of these regulations and their applicability to the Legrand's business could lead to lower sales or increased operating costs, and result in a decrease in Legrand's profitability and income.

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

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

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

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

Given this risk, Legrand has prepared a competition charter to make each member of staff aware of the general legal principles regarding competition. Coinciding with the dissemination of this charter the Group provides ongoing training to more than 1,500 members of staff throughout the Group's subsidiaries to reinforce and update their familiarity with this issue. This move to heighten awareness of the importance of strict respect of trade regulations is also reinforced regularly under the supervision of Group's Legal Department.

Risks related to intellectual property

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

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

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

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

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

A net total of €1,648.9 million in trademarks and patents is recognized in assets as at December 31, 2013, compared with €1,649.8 million at December 31, 2012.

Risks related to the products sold

Despite product testing, Legrand's products might not operate properly or might contain errors and present defects, particularly upon the launch of a new range of products or enhanced products. Such errors and defects could cause injury to persons and/or damage to property and equipment. Such accidents have in the past and could in the future result in product liability claims, loss of revenues, warranty claims, costs associated with product recalls, litigation, delay in market acceptance or harm to the Group's reputation for safety and quality. Legrand cannot guarantee that it will not face material product liability claims or product recalls in the future, or that it will be able to successfully dispose of any such claims or effect any such product recalls at acceptable costs. Moreover, a product liability claim or product recall, even if successfully concluded at a nominal cost, could have a material adverse effect on the Group's reputation for safety and quality, and on its business, financial condition, results and cash flows.

Given these risks, the implementation of a structured customer service has enabled it to identify product defects and take appropriate corrective action more quickly. Customer claims are systematically recorded and evaluated in real time using a single tool. If necessary, an instant alert procedure is set in motion with industry contacts and the team responsible for product expertise.

Legrand may also launch product recalls at its own initiative as a preventive measure and in the event that products could represent a material risk. In 2013, there were no product withdrawal or recall campaigns. However, the three such campaigns launched in 2012 were continued in 2013: one campaign in the French market regarding shunt releases manufactured between June 2011 and January 2012, one in the Australian market regarding extension leads manufactured from February to April 2012, and the third in the French market regarding remote controls for security lighting systems manufactured between October 2011 and June 2012. Some of the expenses arising from these product recalls are covered by the civil liability insurance program described in section 4.5 below.

Provisions for product risks totaled €15.8 million at December 31, 2013.

Customer satisfaction surveys on our product lines and service quality are conducted regularly by the Group, as described in section 5.2.1.1 of this Registration Document.

Risks related to litigation

The Group considers that no litigation currently in process, either individually or in aggregate, should have a material adverse impact on its business, results or financial position (see section 9.5 "Legal Proceedings and Arbitration" of this Registration Document).

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

Material agreements

To the Group's knowledge, other than the agreements entered into in the ordinary course of business, including those relative to acquisitions, disposals or financing operations mentioned in this Registration Document, there are no other material agreements signed by the companies in the Group in the two years preceding the date of this Registration Document, still in force on that date, and which include terms giving rise to an obligation or commitment that could have a material impact on the Group's business, financial position or cash flow.

However, in the framework of certain agreements, significant commitments and guarantees have been granted by Legrand or its subsidiaries. In the course of its operating activities, the Group is committed to the payment of rents spread over several years, under the terms of operating lease agreements, amounting to a total of €204 million as at December 31, 2013. All of these off balance sheet commitments are presented in note 21 to the consolidated financial statements of this Registration Document.

4.4 - FINANCIAL RISKS

Credit and counterparty risks

Legrand derives a significant portion of its revenues from sales to its two largest distributor customers – Sonepar and Rexel (see note 8 to the consolidated financial statements in chapter 9 of this Registration Document). Legrand's sales to Sonepar and Rexel represented approximately 23% and 24%, respectively, of its net sales in 2013 and 2012. In addition, sales to its ten largest customers (including Sonepar and Rexel) represented some 33% of the Group's net sales in 2013 as in 2012.

Legrand enters into short-term agreements with its distributors, which, as a result, have no long-term contractual obligation to purchase its products. Due to the nature of its relationship with its distributors, it often has a number of significant receivables outstanding from its distributors that it might not be able to recover were any of them to become insolvent or bankrupt. Furthermore, Legrand cannot guarantee that it will continue to maintain its relationship with its distributors or that, in the event that these relationships were suspended or terminated, electrical professionals and end-users would continue to purchase Legrand's products through alternative distributors. The temporary or permanent interruption of its relationship with its distributors could have a material adverse effect on the Group's business, results and financial position.

Legrand manages its outstanding receivables carefully (see section 3.2.4.2 of this Registration Document). Thus, the situation of outstanding customer receivables is monitored carefully at each of Legrand's product distribution subsidiaries. The Group's Finance Department reviews specific indicators monthly using reporting and analysis tools. These indicators are part of the elements considered to be key to assessing the commercial performance of Legrand's subsidiaries and the individual performance of their respective management teams.

The Group's exposure to counterparty risk is linked to its excess cash, invested with leading counterparties for which the Group ensures daily monitoring of external ratings as well as objective market elements such as Credit Default Swaps. The Group also selects leading insurance companies so as to restrict its countreparty risk (please refer to section 4.5 of this Registration Document).

Liquidity risk

The banking and financial indebtedness of the Group is described in section 6.5.2 of this Registration Document as well as in note 14 to the consolidated financial statements in chapter 9 of this Registration Document. The Group may be at a disadvantage with regard to competitors that are not in a comparable debt situation. Even if in the past the Group has demonstrated its capacity to generate significant levels of free cash flow enabling it to finance its growth, its capacity to comply with the covenants stipulated in certain borrowings, to refinance or redeem its borrowings according to the provisions thereof, will depend on its future operating performance and could be affected by a number of factors beyond the Company's control (economic environment, conditions of the debt market, changes in regulations, etc.).

Legrand could therefore be forced to devote a significant part of its cash flow to the payment of the principal and interest on its debt, which could consequently reduce the funds available to finance its daily operations, investments, acquisitions or the payment of dividends. In spite of this, the Group enjoys an investment-grade rating from the major rating agencies.

Liquidity risk management is discussed in note 22.2.5 to the consolidated financial statements in chapter 9 of this Registration Document. The maturity schedule of the various borrowings is set out in note 14 to the consolidated financial statements in chapter 9 of this Registration Document.

The debt repayment deadline is very closely monitored (spread of refinancing and anticipation of maturities against a backdrop of volatile markets), as is headroom (immediately available financing).

As at December 31, 2013, Legrand's total net debt was €967.7 million. On the same date, the Group's short-term financial debt stood at €86.9 million, it had €602.8 million in cash and cash equivalents and €900 million in undrawn lines of credit. There are no covenants associated with the credit lines.

Market risks

INTEREST RATE RISK

The Group is exposed to risks associated with the effect of fluctuations in interest rates (see note 22.2.1 to the consolidated financial statements in chapter 9 of this Registration Document). The use of derivative instruments includes the risk that counterparties will default on their obligations and terminate hedging agreements. In addition, the Group might be required to post cash-collateral in a restricted or pledged account equal to the level of the Group's commitments in order to cover liabilities arising from interest rate fluctuations or to pay costs, such as transaction fees or brokerage commissions, in the event the hedging arrangements are terminated.

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

The Group manages this risk by using a combination of fixed and floating rate debt and through interest rate hedging arrangements, if necessary. Details regarding interest rate risk are discussed in note 22 (22.1 and 22.2.1) to the consolidated financial statements in chapter 9 of this Registration Document.

CURRENCY RISK

The Group has certain assets, liabilities, revenues and costs denominated in currencies other than the euro and the dollar. These are most notably the Russian ruble, the Brazilian real, the Chinese RMB, the Australian dollar, UK sterling, the Mexican peso, the Turkish pound, the Indian rupee and the Polish zloty. The preparation of the Group's consolidated financial statements, which are denominated in euro, requires the conversion of these assets, liabilities, revenues and costs into euros at the then applicable exchange rates. Consequently, fluctuations in the exchange rate for the euro versus these other currencies could affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency. These translations have in the past resulted, and could in the future result, in material changes to the Group's results and cash flows from one period to another.

In addition, to the extent that the Group may incur expenses that are not denominated in the same currency as that in which corresponding sales are made, exchange rate fluctuations could cause the Group's expenses to increase as a percentage of net sales, thus affecting its profitability and cash flows. However, where possible and when justified economically, the Group seeks to balance its revenues and costs by geographic region, which gives a certain degree of protection.

The details regarding the exchange rate risk are discussed in note 22.2.2 to the consolidated financial statements in chapter 9 of this Registration Document.

COMMODITY RISK

Legrand is exposed to the risk generated by changes in the prices of raw materials, which are listed under section 3.4.1 of this Registration Document. Legrand may not immediately or in the long term be able to pass on increases in costs of raw materials and components through price increases on its products. Its costs could therefore increase without an equivalent increase in sales.

An analysis of sensitivity to the price of raw materials is discussed in note 22.2.3 to the consolidated financial statements in chapter 9 of this Registration Document. Raw materials purchases amounted to approximately €430 million in 2013. Purchases from Legrand's top ten raw materials suppliers accounted for almost 25% of total raw materials procurement, with no single supplier exceeding 5%. The Group implements a multisourcing strategy to guard against excessive concentration.

No specific financial hedging instrument was used in 2013.

RISKS RELATED TO PENSION BENEFIT OBLIGATIONS

In most of the countries where Legrand operates, its subsidiaries have pension benefit obligations to their employees. These obligations can be funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans. The aggregate current and non-current obligation under the Group's pension and other post-employment benefit plans consists primarily of plans in France, Italy, the United States and the United Kingdom.

Defined-contribution plans are plans where the Group pays defined contributions to a separate entity. Thus, the Group has no legal or implied obligation to pay new contributions if the fund does not have enough assets to pay benefits to all employees for their years of service in the current period and prior periods.

Other Group employees are covered by defined-benefit plans provided by the Group. They are funded by external capitalization, in accordance with applicable local regulations.

Accordingly, the Group's commitments for retirement and other post-employment benefits for its employees amounted to €302.9 million as at December 31, 2013, covered by investments totaling €142.3 million, equating to a latent provisioned funding differential of €160.6 million.

Changes in market parameters could change the amount of the latent funding deficit, as well as the annual charges relating to defined-benefit plans. Their valuation is based on actuarial calculations, the main assumptions for which are set out in note 16 to the consolidated financial statements in chapter 9 of this Registration Document.

4.5 - INSURANCE POLICY

Legrand has taken out global insurance policies to cover its assets and income from identifiable and insurable risks. The most appropriate solutions that offer the best value for money in terms of the coverage provided are sought in the insurance market, working closely with brokers.

The major risks incurred by the Group across all its operating activities are covered in the context of a risk and insurance management policy centralized at headquarters.

These insurance programs are contracted from reputed and financially sound international insurance companies without recourse to a captive reinsurance structure. They provide global coverage for the Group and take into account the specific risks and activities related to the Group's operations, including property damage and the resulting operating losses and product liability.

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

Legrand believes that the coverage offered by these insurance programs is adequate in scope, amounts insured and limits of cover.

In 2013, aiming at benefiting from the best insurance policies and practices at an optimal price, the Group issued a call for insurance tenders covering D&O (Directors' and Officers') liability and employment practices liability. This call for tenders optimized insurance costs, while retaining the level of guarantees provided.

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

Civil liability

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

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

Property damage and operating loss insurance

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

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

The Group's current insurance program covering property damage and operating losses is contracted with the mutual insurance company FM Insurance Company Ltd. (rated A+ by AM Best and AA by Fitch). It is due for renewal on December 31, 2014.

In addition to this insurance program, and as indicated in section 4.1 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, drawing on the expertise of FM Global, which has a global reputation for its expertise in prevention engineering. Hence, Legrand intends to continue the awareness and risk prevention campaigns in its operating entities, as part of the Group's broader sustainable development policies.

Other cross-sector risks insured

The Group's other main insurance programs cover the following risks: civil liability of corporate officers, employment practices liability and loan insurance.

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

The Chairman's report relating to corporate governance, risk management and internal controls is drawn up pursuant to Article L. 225-37 of the French Commercial Code and after discussion with the Audit Committee, the Company's Statutory Auditors, and the Group's Audit and Internal Control Department. The Chairman's report was approved by the Board of Directors on March 5, 2014.

4.6.1 - Corporate Governance

Under French law, certain aspects of corporate governance shall be reported in the Chairman's report relating to corporate governance, risk management and internal controls. Such aspects of corporate governance are disclosed in several sections of the Company's Registration Document, as mentioned in the following chart, and are incorporated by reference in this report of the Chairman:

Information relating to corporate governance requested under Article L. 225-37 of the French Commercial code	Heading of the section of the Company's Registration Document disclosing the information requested under Article L. 225-37 of the French Commercial code	References
Composition of the Board of Directors and application of the principle of equality between men and women with a view to guaranteeing balanced representation of the two sexes	Section 7.1.1.1 "**Composition of the Board of Directors**" of the Company's Registration Document Section 7.1.2.1 "**Composition of the Board of Directors' specialized Committees**" of the Company's Registration Document	Pages 140 *et seq.* of the Company's Registration Document Pages 157 *et seq.* of the Company's Registration Document
Preparation and organization of Board of Directors work	Section 7.1.1.2 "**Functioning of the Board of Directors**" of the Company's Registration Document Section 7.1.1.3 "**Work done by the Board of Directors in 2013**" of the Company's Registration Document Section 7.1.2.2 "**Functioning of the Board of Directors' specialized Committees**" of the Company's Registration Document Section 7.1.2.3 "**Work done by the Board of Directors' specialized Committees in 2013**" of the Company's Registration Document	Pages 150 *et seq.* ; pages 154 *et seq.* ; pages 157 *et seq.* ; pages 161 *et seq.* of the Company's Registration Document
Potential limits on the powers of the Chief Executive Officer	Section 7.1.3 "**General Management of the Company**" of the Company's Registration Document	Pages 162 *et seq.* of the Company's Registration Document

Information relating to corporate governance requested under Article L. 225-37 of the French Commercial code	Heading of the section of the Company's Registration Document disclosing the information requested under Article L. 225-37 of the French Commercial code	References
Formal reference to a code of corporate governance	Section 7.1 "**Administration and management of the Company**" of the Company's Registration Document	Page 140 of the Company's Registration Document
Provisions of the code of corporate governance with which the Company is not in strict compliance and related explanations		Table summarizing the recommendations with which the Company is not in strict compliance, page 140 of the Company's Registration Document
Indication of where the code of corporate governance may be accessed		Page 140 of the Company's Registration Document
Formalities for participating in General Meetings	Conditions for participation in the Company's General Meeting are outlined in Article 12 ("**General Meetings**") of the Company's Articles of Association (available on the www.legrand.com website) and in section 10.3.5 "**General Meetings**" of the Company's Registration Document	Page 263 of the Company's Registration Document
Principles and rules set by the Board of Directors for determining the compensation and benefits of Executive Directors	Section 7.2 "**Principles and rules for determining the compensation and benefits of Executive Directors**" of the Company's Registration Document	Pages 164 *et seq.* of the Company's Registration Document
Factors likely to affect the outcome of a public offer	Readers are invited to refer to the management report, which contains factors likely to influence a public offering. This report can be found in Appendix 2 of the Company's Registration Document.	Pages 290-291 of the Company's Registration Document

4.6.2 - Risk management and internal controls

4.6.2.1 DEFINITIONS, PURPOSES AND FRAMEWORK

Framework

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

Definition and purposes of risk management

Risk management is a duty of all parties involved within the Group. It seeks to be comprehensive, so as to cover all of the Company's activities, processes and assets.

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

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

Risk management is considered as a company management leverage tool, it aims to:

- ensure the safety of the Group's employees;
- preserve the Group's value, assets and reputation;
- make Group decision-making and processes secure, to contribute to the achievement of objectives and thereby to value creation;
- ensure that initiatives undertaken are consistent with Group values; and
- rally Group employees around a shared vision where major risks are concerned, and raise awareness of the risks inherent to their activity and of newly emerging risks.

Definition and purposes of internal control

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

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

The internal control system aims to:

- ensure compliance with applicable laws and regulations;
- ensure the enforcement of instructions and of targets set by the Management;
- guarantee the proper functioning of the Company's internal processes, especially those that contribute to the protection and safeguarding of its assets;
- support both organic and external growth;
- contribute to the optimization of processes and operations;
- provide assurance of the reliability of financial and accounting information.

Relationship between risk management and internal control procedures

The risk management and internal control systems make complementary contributions to control of the Company's business:

- the risk management system aims to identify, analyse and deal with the main risks faced by the Company. The controls to be set up accordingly are the responsibility of the internal control system.
- in parallel, the internal control activities deployed by the Group and its operational and functional departments enable the identification and updating of risks and the performance of reporting according to a single framework, thereby enhancing the overall risk management approach.

The relationship and balance between these two schemes are conditional upon the control environment, which is their shared foundation, especially the risk and control culture specific to the Company, and the Company's ethical values.

In view of these close links, all of these functions are grouped together in the same department: "Risk Management and Internal Control", which is attached to the Group's Finance Department, and also handles internal audits.

Scope of action

Legrand's internal control system covers all controlled companies that fall within the Group's scope of consolidation. No entity is excluded from the scope. The Group ensures that internal control and risk management are performed effectively throughout its subsidiaries, by defining a minimum internal control requirement which is mandatory for all Group entities and through audits carried out by the internal audit team every 3-4 years, as specified by the rules for drafting the internal audit plan.

Newly acquired companies are included in the internal control system as part of their docking process, and subjected to a first audit by Group internal control teams within the first few months following acquisition.

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

Limitations

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

4.6.2.2 COMPONENTS OF THE INTERNAL CONTROL AND RISK FRAMEWORK

Risk management

Organizational framework

Risks are defined as both threats and missed opportunities, to the extent that the latter are either inherent to the Group's business model and/or can be considered as such by other stakeholders.

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

The Group's risk management framework is coordinated by the risk management and internal control department, under the responsibility of the Finance Management. The risk management and internal control department makes sure the policy is enforced and the control activities are operational, in particular by:

- conducting risk mapping exercises;
- designing risk indicators together with the Group's functional or operational departments, and monitoring these indicators;

- monitoring action plans implemented under the responsibility of the Group's various functional or operational departments;
- leading Risk Committee meetings.

This general approach is overseen and monitored by a Risk Committee which is chaired by the Group's General Management and includes the management of the industrial divisions and the functional departments. The Risk Committee met twice during 2013. Furthermore, crossover matters are regularly discussed at the Group's Executive Committee meetings.

The Group's Audit Committee is also kept informed of all issues. In particular, the policy for assessing and dealing with risks is discussed every year at a meeting with the Audit Committee, during which major risk factors are reviewed and reevaluated as appropriate, in light of risk factors external to the Company and determined by its economic, geopolitical, social and technological environment. A presentation is subsequently made to the Board of Directors.

Risk management procedures

The Group's risk management procedure has three stages:

1) Risks are identified at all levels of the Group's value chain. A detailed classification of risks has been drawn up, which is updated whenever necessary, enabling to address the possible impact of risks both from the point of view of the Group and its functional departments and from the point of view of its operational entities. This risk framework is regularly updated by the Risk Committee using data gathered from the Group's main senior executives ("Top-Down") or using contributions from Group subsidiaries or departments ("Bottom-Up"). This bottom-up approach was enriched in 2013 by the circulation of a questionnaire for self-assessment of risks, which was forwarded to the Group's main subsidiaries, covering 90% of overall sales. Its consolidated results were presented to the Risk Committee, ensuring the approach has an operational footing.

2) Risks are analyzed on the basis of indicators that are defined and validated by the Risk Committee (KRI – Key Risk Indicators). These indicators, produced using historic and prospective data, are fed back to the Risk Management and Internal Control Department for each risk by the operational or functional departments responsible. Indicators are then used to measure and rank risks relative to the probability of their materialization and their potential impact, assessed on the basis of a homogeneous set of criteria. The assessment is made on a "gross" basis (prior to the risk control mechanism) and on a "net" basis (after the risk control mechanism). In 2013, as part of implementation of the Compliance Programme, a specific risk analysis was performed in 8 pilot countries covering 80% of overall sales. The approach will be deployed throughout the Group in 2014.

3) Risks are dealt with in several ways, by reduction, transfer, or acceptance of a risk. The measures are decided upon and shared between the Group's Risk Management and Internal Control Department and the risk owners identified within the operational and functional departments. The Risk Committee directly validates the procedure for dealing with the main risks and monitors the progress of action plans.

Steering of the risk management framework

Steering of the Risk Management scheme is ensured by the dedicated function within the Risk Management and Internal Control department and the risk owners within the Group's operational and functional departments. In addition, the Group has assigned each major risk to the functional department in charge of the related risk management mechanism, with coordination by the Risk Committee. The major risk factors are set out in section 4 of the Company's Registration Document.

Internal control

Control environment and Group values

The Group's internal control environment is based on two fundamental pillars:

- an organizational and hierarchical structure enabling a clear definition of responsibilities;
- the Group's values, which have been widely circulated among its teams and endorsed by all, especially the very first value, ethical behaviour. This value is conveyed by the Code of Ethics, the principles of which are detailed in the Group's Charter of Fundamental Principles and in its Application Guide, and disseminated throughout the Group by a network of Ethics representatives.

Risk assessment and management

Risk assessment and management is a fundamental pillar of the Group's internal control framework. Related structures and processes are described in the section above dedicated to Risk Management. The internal control scheme adapts in response to developments in the Group's risk environment.

Communication and information

The Group has adopted processes and procedures ensuring timely, reliable communication of relevant information to the parties concerned. The reporting structures which exist for all the Group's major business processes, enable the gathering and circulation of relevant information at the various levels of the company, and ensure that a shared language exists between the Group's different organizational levels (subsidiaries, operational and functional departments). Examples are provided by the intensive management dialogue involved in the budget construction process, as well as the reporting schemes for finance, human resources or CSR.

In the event of fraud, it is mandatory that a detailed form specifying the circumstances and amounts at stake be forwarded to the Group's internal control management, for validation of the proposed action plans. A summary of reported cases of fraud is presented to the Audit Committee on a quarterly basis and whenever necessary.

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

Internal control activities

The Group's internal control and risk control operations are defined in a manual of administrative and financial procedures that also includes accounting, management and reporting rules. This manual, designed for the Group's specific economic environment and industry, has existed for over a decade, and is updated regularly. Clear emphasis is placed on tracking product flows (reliability and safety of inventories, cycle counts, analysis and justification of inventory discrepancies), purchasing and sales transactions (compliance with rules of separation between financial years, tracking and authorization of discounts or rebates, order procedures), and more generally the compliance of transactions through enforcement of the dedicated procedures.

Internal control activities are revised annually, using a process that combines detailed tests of critical controls (for the largest entities) and internal control self-assessment questionnaires for all entities, completed by the subsidiaries concerned via a dedicated tool. Data gathered in these questionnaires and tests is systematically reviewed, consolidated and analyzed by the internal audit and internal control department.

The self-assessment questionnaire addresses questions concerning the internal control environment, critical controls focused on the main Group processes (e.g. Purchasing, Sales, Inventory management, Payroll, Fixed assets, etc.) and their potential implications in accounting and financial terms, as well as control of major risk factors such as compliance, business continuity plans, etc. Beyond the register of essential and mandatory critical controls, this questionnaire is adapted in line with developments in terms of risks and the control environment. For instance, the 2014 edition of the questionnaire will be extended to include a certain number of controls enabling to make sure of the correct deployment of the Group Compliance Programme across all entities within the scope, in line with the targets of the 2014-2018 CSR Roadmap.

Deployment in 2013 of a new version of the self-assessment tool has enabled communication on expectations in terms of internal control (list of critical controls suited to the entity's size and the scale of risk faced), better steering of action plans identified by subsidiaries, which contribute to the ongoing improvement of the internal control scheme, and facilitated reporting to the General Management.

Steering

The Group's internal control department:

- coordinates the Group's internal control operations and ensures that reviews are conducted in keeping with appropriate methodology;
- conducts internal audits at Group entities.

Assigning these two tasks to a single department ensures consistent methodology and constant adaptation of audit procedures to the internal control risk areas.

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

Regular audits by the Group's internal auditors and financial controllers ensure that Group procedures are properly implemented and enforced. The audit plan, which is reviewed annually and presented to the Audit Committee, takes into account major and emerging risks, while ensuring a reasonable rotation of audits (performed on average every 3 to 4 years) on key processes and controls in all of the Group's country entities and its operational and functional departments.

An information systems audit team has also been set up and carries out audits jointly with the Group internal audit department, which monitors the implementation of action plans subsequent to such information systems audits.

The recommendations expressed directly address the underlying risks, thereby strengthening the previously mentioned bottom-up approach.

The tools, procedures and results of internal control reviews are available to the Group's Statutory Auditors at all times, and there are regular consultations to optimize the internal control framework and coverage of risk areas, which reinforce the internal control scheme and risk control.

In the Group as a whole, a total of around 20 staff members are fully dedicated to internal control in 2013.

4.6.2.3 PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Internal control applied to accounts and finance must meet the following objectives:

- guarantee that the accounting and financial information published complies with regulations;
- ensure that instructions issued by the Group's general management are applied, where such information is concerned;

- preserve the Group's assets;
- detect and prevent fraud and accounting irregularities insofar as possible;
- guarantee the reliability of financial information and internal accounts, as well as the information disclosed to the markets.

Contributors

Main contributors are:

- The internal audit team, which, through its work, supplies various recommendations to General management and to the Audit Committee on areas for improving internal control applied to accounts and financial statements;
- General Management, insofar as it is responsible for setting up and structuring the Group's internal control system, as well as preparing financial statements for approval and publication;
- External auditors who, through their work, express an independent opinion on published consolidated financial statements;
- The Board of Directors that approves the financial statements, based in particular on the work of the Audit Committee.

Control mechanism for accounting and financial information

This mechanism is based on the definition and implementation of processes to prepare and review financial and accounting data so that it can be used internally for steering purposes, and so that it can be disclosed externally and published by the markets. The mechanism is deployed through concerted action involving contributions from the following staff within the Finance Department:

Financial managers in subsidiaries

The position of Financial managers, who are functionally attached to the Group Finance Department and entrusted with responsibility for internal control and with the role of Compliance Officer in their respective subsidiaries, is considered a key position in the Group's finance function. Nominees for these positions are reviewed systematically by the Group's financial management, to ensure consistently outstanding levels of expertise.

Group finance control

The Group Finance Control Department, reports to the Group Finance Department, plays an important role in the monitoring and control of subsidiary performance. It coordinates the preparation of annual budgets and regularly performs in-depth review of achievements and estimates. This work relies on reporting and budget rules, which can be found in the internal control procedures manual.

All subsidiaries issue a detailed consolidation report every month, which includes a balance sheet and its analytical review, an income statement and analysis, to enable detailed monitoring of their performance.

Corporate financial analysis

The Corporate Financial Analysis unit, which reports to the Group Finance Department, prepares and analyzes the Group's consolidated financial statements. It prepares and circulates, on a monthly basis, a progress sheet showing the Group's consolidated performance and the difference between actual performance and budget targets. This data is formally reviewed each month by the Group's financial management and General Management.

Accounting data are consolidated by a dedicated team using the consolidation reports available through a software application deployed in all Group subsidiaries. Consolidated financial statements are prepared on a monthly basis, except at the end of July, according to a schedule circulated to all subsidiaries. This allows them to plan accordingly and provide the financial information in a timely manner.

Almost all consolidated entities have their annual and/or consolidation reports reviewed by the local affiliated offices of the Group's Statutory Auditors or by independent auditors.

Cash flow management

The Treasury Department reports to the Group Finance Department.

Cash flow is monitored through specific Group procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department. All bank accounts are managed in accordance with the Group's treasury management, ensuring a degree of overall consistency in relationships with banks.

IT Department

The Information Systems Department reports to the Group Finance Department.

In order to decrease risks relating to reliability of accounting and financial data processing, Legrand has implemented a full set of IT procedures to mitigate security risks and data back-up plans.

Implementing internal controls has also strengthened and harmonized procedures and operations relating to IT systems, and improved protection and access conditions to systems and networks.

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

The nature itself of the activity of information treatment in a changing environment in terms of scope of Group activity as well as information systems used, make the IT risk management a process of continuous improvement.

4.6.3 - Financial ratings of the Company

At December 31, 2013, Legrand was rated as follows by financial rating agencies:

- Standard & Poor's: A- stable outlook;
- Moody's: A3 stable outlook (unsolicited rating).

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

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

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

Year ended December 31, 2013

Legrand

Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

To the Shareholders,

In our capacity as statutory auditors of Legrand (the "Company") and in accordance with Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2013.

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

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

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

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

Other disclosures

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

Neuilly-sur-Seine, March 26, 2014

The Statutory Auditors

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

05

5.1 - CSR COMMITMENT

5.1.1 - A structured approach

Legrand's CSR policy is founded on four values defined and presented in the Group's Charter of Fundamental Principles: ethical behavior, customer focus, optimization of resources, and innovation. This policy is structured around three aspects of Group life:

- **Corporate Governance:** The Group plans to ensure profitable, lasting and responsible growth for its operations and meet the expectations of its stakeholders to the best of its ability in terms of economic choices as well as business ethics;
- **Environment:** The Group considers protection of the environment a fundamental concern for all of its businesses. This applies at every stage from product design, manufacturing and distribution to marketing; moreover, the products concerned, by their uses, contribute to enhancing building energy efficiency;
- **Workplace and Community:** Legrand continues its business development while paying particular attention to the working conditions of its employees and its responsibilities as an employer and a member of the community.

Our policy is implemented in these three areas according to eight major principles:

Sectors		Principles
1.	Corporate governance	1. Applying the Group's ethical commitments on a day-to-day basis 2. Integrating suppliers into the sustainable development process
2.	Environment	3. Developing products with High Environmental Performance (HEP) 4. Limiting the environmental impact of the Group's business 5. Promoting energy efficiency
3.	Workplace and Community	6. Investing in Group employees 7. Increasing access to electricity 8. Promoting assisted living

These principles are themselves reflected in objectives and actions for the Group's different businesses and entities. Monitoring progress and assessing action taken are consolidated in particular through the use of indicators, a selection of which is reviewed by the Group's Statutory Auditors. Please refer to section 5.1.4. for more information.

The deployment of this policy is overseen by the Director of Sustainable Development and Strategic Processes who reports to the Director of Strategy and Development. This central structure is based on several expert operational departments (Legal, Human Resources, Group Purchasing, Quality and Environment managers for the industrial divisions, etc.) which, in turn, are in charge of managing a network of correspondents located within each of the Group's subsidiaries. These divisions are involved directly in the sectors that form part of the Sustainable Development approach (Corporate Governance, Environment, Workplace and Community). These networks of correspondents represent about 300 people throughout the Group. A Sustainable Development Steering Committee comprising all of the Group's operational departments and the Chairman and Chief Executive Officer meets between three and four times a year to approve and monitor the actions of the Sustainable Development policy.

This organizational structure gives Legrand's General Management coherent oversight of these actions in all entities of the Group. The Sustainable Development policy is thus adjusted and applied to all entities of the Group in accordance with defined deployment policies, while gradually integrating new acquisitions.

The GRI and ISO 26000 references are also used to evaluate the Group's policy in terms of Corporate Social Responsibility (CSR). The results of their analysis are included in the Group's response to the requirements related to Article 225 of French Law no. 2010-788 of July 12, 2010 on national commitment to the environment (Grenelle 2 Law), which are applicable to financial years beginning on or after January 1, 2012. This article makes it compulsory to release CSR data with mandatory verification of this data by an independent third party. The Legrand Group's response to these requirements is detailed in this Registration Document. The relevant chapters are shown in the cross-reference table below and the certification report is presented in chapter 5.5.

ARTICLE 225 – CROSS-REFERENCE TABLE

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G3
Policy		Company efforts to take into account the social and environmental consequences of its activity, as well as its social commitments to sustainable development; its guidelines, where necessary specifying the actions or initiatives implemented	5.1.1 – 5.1.3 – 5.2.1.1 – 5.3 – 5.4 – 5.4.1.2	1.1 – 1.2 4.1 to 4.17
Labor relations	a) Employment	■ Total workforce	5.4.4	LA1
		■ Employees broken down by gender, age and geographical area	5.4.4.2 – 5.4.4.3	LA1
		■ New employee hiring and layoffs	5.4.4.2	LA2
		■ Employee compensation and salary progression	5.2.1.1 – 5.4.4.2	EC1 – EC3 – EC5
	b) Work organization	■ Working hours	5.4.1 – 5.4.4.2	LA1
		■ Absenteeism	5.4.1 – 5.4.4.2	
	c) Labor relations	■ Organization of social dialogue	5.4.1.3	LA4
		■ Collective bargaining agreements	5.4.1.1 – 5.4.1.3	LA5
	d) Health and safety	■ Health and safety conditions	5.4.1.1 – 5.4.4.1	LA6
		■ Agreements signed	5.4.1 – 5.4.4.1	LA9
		■ Workplace accidents	5.4.4.1	
	e) Training	■ Total number of training hours	5.4.4.2	LA10
		■ Training policies	5.4.1.2	
	f) Equal treatment: measures taken to promote:	■ Equality between men and women	5.4.1.4 – 5.4.4.3	LA14
		■ Employment and integration of disabled people	5.4.1.4 – 5.4.4.3	LA13
		■ Prevention of discrimination	5.4.1.4 – 5.4.4.3	LA13
	g) Promotion and compliance with the International Labor Organization's (ILO) fundamental conventions	■ Promotion of freedom of association and the right to collective bargaining	5.4.1.3	LA4 – LA5
		■ Elimination of discrimination in employment and occupation	5.4.1.4	LA13 – LA14
		■ Elimination of forced or compulsory labor	5.2.1.2	
		■ Effective abolition of child labor	5.2.1.2 – 5.2.2	

Obligations under Article 225 of the Grenelle 2 Law			Sections of the Registration Document	Global Reporting Index GRI G3
Environmental aspects	a) General environmental policy	■ Company organization to take environmental issues into account	5.3 – 5.3.2.2 – 5.3.4	5
		■ Employee training and information actions	5.3	
		■ Resources devoted to preventing environmental risks and pollution	5.3	EN30
		■ Amount of provisions and guarantees for environmental risks	5.3	EN28
	b) Pollution and waste management	■ Measures to prevent, reduce, or compensate for air, water, and soil emissions severely affecting the environment	5.3.2.2	EN19 – EN20 – EN22 – EN23 – EN24
		■ Measures to prevent, recycle, and dispose of waste	5.3.2.3 – 5.3.4.2	EN22 to 24
		■ Taking account of noise (*) and other sources of pollution specific to an activity, where relevant	5.3.2	
	c) Sustainable use of resources	■ Water consumption and water supply according to local constraints	5.3.2.3 – 5.3.4.2	
		■ Consumption of raw materials and measures to improve their efficient use	5.3.1.4	
		■ Energy consumption, and where relevant, measures to improve energy efficiency and the use of renewable energy sources	5.3.2.1 – 5.3.4.2	EN3 – EN4
		■ Land use (*)	5.3.2	
	d) Climate change	■ Greenhouse gas emissions	5.3.2.1 – 5.3.4.2	EN16 – EN 17 – EN19 – EN20
		■ Adaptation to the impacts of climate change	5.3.2.1	
	e) Protection of biodiversity	■ Measures taken to protect or develop biodiversity (*)	5.3.2	
Social commitments to sustainable development	a) Territorial, economic and social impact of the activity	■ Employment and regional development	5.2.1.1	EC5
		■ On neighboring and local populations	5.2.1.1	EC1 and EC6
	b) Relations with interested parties	■ Conditions of dialogue with interested parties	5.2.1.1	PR5
		■ Partnership or corporate philanthropy	5.2.1.1 – 5.4.2	EC1 4.11 to 13
	c) Subcontracting and suppliers	■ Incorporation of social and environmental issues in purchasing policies	5.2.1 – 5.2.2	EC6
		■ The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	5.2.2	3.6 and 4.14
	d) Fair practices	■ Actions taken to prevent corruption	5.2 – 5.2.2.1 – 5.2.1.2	SO2 to SO5, SO7 and SO8
		■ Measures to promote consumer health and safety	4.3 – 5.2.1.1	PR1 – PR3 – PR6 – PR7
		■ Other actions to promote human rights	5.1.2 – 5.2.1.2 – 5.2.2	

Note: The topics marked with an (*) above are subjects for which Legrand does not publish specific information, because these subjects are not relevant for the Group, given its activity. Please refer to the introduction of section 5.3.2. for more information on this decision.

Please note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for Electrical Equipment, Control and related services), the Legrand Group participated in drawing up the CSR reporting guide for the sector in 2012. This guide is based on the structure of Article 225 of the Grenelle 2 Law as presented above and facilitates understanding for all stakeholders inasmuch as it sets out the approach adopted ("comply or explain"), according to the degree of relevance and appropriateness of each aspect, including issues specific to Legrand's sector. This guide was revised in 2013.

5.1.2 - Legrand and the United Nations Global Compact

CONFIRMATION OF THE GROUP'S COMMITMENT TO THE GLOBAL COMPACT

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

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

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

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

Gilles Schnepp

Chairman and Chief Executive Officer, Legrand Group

GLOBAL COMPACT PRINCIPLES AND CORRESPONDING SECTIONS OF THIS REGISTRATION DOCUMENT

Global Compact principle	Sections of the Registration Document	
1. Businesses should support and respect the protection of internationally proclaimed human rights	5.2.2 5.4.1.4 5.4.1.1	Integrating suppliers into the sustainable development process Combating discrimination and favoring diversity Risk prevention and ensuring the health and safety of employees
2. Businesses should ensure that they are not complicit in human rights abuses.	5.2.1 5.4.1.4 5.4.1.1	Applying the Group's ethical commitments on a day-to-day basis Combating discrimination and favoring diversity Risk prevention and ensuring the health and safety of employees
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. The elimination of all forms of forced or compulsory labor 5. The effective abolition of child labor	5.2.1 5.2.2 5.4.1.3	Applying the Group's ethical commitments on a day-to-day basis Integrating suppliers into the sustainable development process Improving social dialogue in a globalized context where change is occurring at a faster pace
6. The elimination of discrimination with respect to employment and occupation	5.4.1.4	Combating discrimination and favoring diversity
7. Businesses should support a precautionary approach to environmental challenges 8. The undertaking of initiatives to promote greater environmental responsibility	5.3.2	Limiting the environmental impact of the Group's business
9. The encouragement of the development and diffusion of environmentally friendly technologies	5.3.1 5.3.3	Developing products with High Environmental Performance Promoting energy efficiency
10. Businesses should work against corruption in all its forms, including extortion and bribery	5.2.1 5.2.2	Applying the Group's ethical commitments on a day-to-day basis Integrating suppliers into the sustainable development process

5.1.3 - 2011-2013 Roadmap

The 2011-2013 roadmap has 28 targets, for which the Group publishes an annual progress report.

The roadmap was presented to and approved by the Board of Directors at its May 2011 meeting.

	2011-2013 commitments and targets	Sections of the Registration Document	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Corporate governance	**Applying ethical commitments**	5.2.1		
	1. Structuring dialogue with stakeholders	5.2.1.1	Number of stakeholders mapped	100%
	2. Training ethics representatives	5.2.1.2	Deployment of support processes Organization of awareness-raising/training events	100%
	3. Training employees	5.2.1.3	Deployment of training initiatives Local audits carried out Awareness-raising plans for Acquisitions	100%
	Integrating suppliers into the process	5.2.2		
	4. Extending evaluation of suppliers	5.2.2.1	Integrating CSR criteria into supplier selection and evaluation	100%
	5. Continuing to train buyers	5.2.2.2	Organization of awareness-raising/training events	100%
	6. Formalizing expectations from suppliers and subcontractors	5.2.2.3	Deployment of RoHS, REACh and PEP*** processes	100%
Environment	**Developing HEP* products**	5.3.1		
	7. Complying with RoHS	5.3.1.1	Percentage of sales conforming to RoHS within the defined scope	100%
	8. Excluding the use of REACh substances	5.3.1.2	Percentage of consultants involved in the REACh process within the defined scope	100%
	9. Internationalizing product environmental profiles	5.3.1.3	Share of sales covered by PEP*** within the defined scope	88%
	10. Increasing the proportion of eco-designed products	5.3.1.4	Growth in sales covered by eco-designed products within the defined scope	100%
	Limiting environmental impact	5.3.2		
	11. Recomputing the carbon footprint	5.3.2.1	Use of the Greenhouse Gas (GHG) Protocol methodology Identification and implementation of improvement plans	100%
	12. Systematically obtaining ISO 14001 certification	5.3.2.2	Maintaining the certification rate	100%
	13. Limiting water consumption and waste production	5.3.2.3	Reducing water consumption Maintaining the waste recycling rate	100%

	2011-2013 commitments and targets	Sections of the Registration Document	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Workplace and Community	**Investing in Group employees**	5.4.1		
	14. Consolidating health and safety indicators	5.4.1.1	Maintaining the indicator consolidation rate at over 95%	100%
	15. Overseeing risk evaluation	5.4.1.1	Maintaining the risk assessment rate at over 85%	94%
	16. Promoting an active approach to prevention	5.4.1.1	Maintaining the rate of representation by a Health and Safety Committee at over 85% of the workforce	100%
	17. Enabling employees to have a medical review	5.4.1.1	Percentage of staff who have had a medical review over 75%	98%
	18. Guaranteeing compliance with the Prevention Charter	5.4.1.1	Deployment of the Prevention Charter awareness-raising plan	100%
	19. Preparing a directive for MSD** prevention	5.4.1.1	Drafting and approval of the directive	100%
	20. Developing a management training program by the end of 2012	5.4.1.2	Identifying training needs Adapting training to local requirements	100%(1)
	21. Extending talent management	5.4.1.2	Increasing the percentage of talent managed to over 90%	100%
	22. Enabling managers to have an individual appraisal review by the end of 2014	5.4.1.2	Increasing the completion rate of individual appraisal reviews to over 90%	99%(2)
	23. Promoting dialogue in the workplace	5.4.1.3	Increase in the number of employees covered by representative organizations Increase in the number of collective agreements Increase in the number of briefing sessions	100%
	24. Training teams in non-discriminatory practices	5.4.1.4	Defining and rolling out training tools	100%
	25. Guaranteeing non-discriminatory HR procedures	5.4.1.4	Number of processes examined	100%
	26. Encouraging the hiring of more female managers	5.4.1.4	Deployment of diversity policies Increase in the percentage of female managers hired in France	100%
	Increasing access to electricity	5.4.2		
	27. Strengthening the partnership with *Électriciens Sans Frontières*	5.4.2.1	Maintaining the number of promotional and feedback events	100%
	28. Pursuing electrification program initiatives	5.4.2.2	Number of subsidiary engagement/ information campaigns Survey of local actions	100%

* *HEP: High Environmental Performance.*

** *MSD: musculoskeletal disorders.*

*** *PEP: Product Environmental Profile*

(1) *2012 target – Group performance measured over two years (2011 and 2012).*

(2) *2014 target – Guaranteed continuity in the next roadmap (see below).*

The principles of "Promoting Energy Efficiency" and "Promoting assisted living" are explained in further detail in sections 5.3.3. and 5.4.3. of this Registration Document.

Progress is calculated over each of the roadmap's three years; 100% progress at the end of 2013 means that the Group has reached the target set. Therefore, at the end of 2013, 24 targets out of total of 28 targets were achieved at 100%; i.e. a success rate of 86%. These calculations relate to an evaluation method and indicators developed with the various operational departments concerned and based on actual achievements. For each target, milestones were set at the end of each of the roadmap's three years. Progress is determined relative to these milestones.

It should be noted that, at the end of 2013, a new multiannual roadmap was established and will be publicly disclosed during the Group General Shareholders meeting in May 2014, after being reviewed by the Strategy and Corporate Responsibility Committee (whose missions have been enlarged – refer to paragraph 7.1.2. of the current registration document), and by the Board of Directors.

5.1.4 - A commitment to continuous improvement

Monitoring the progress of targets takes place through a non-financial data reporting process involving:

- the entities and countries which are directly responsible for the data;
- the operational departments and industrial divisions which analyze the data;
- the Sustainable Development Department, which consolidates the data and compares them to the commitments of the roadmap.

Reporting enables the various units to capitalize on good practices and share them within the Group. It should be noted as regards the various reporting tools, that:

- Human Resources reporting covered 95.8% of the Group's workforce in 2013. Two acquisitions were integrated in 2013 (Aegide in the Netherlands and Numeric UPS in India). New acquisitions are integrated the year following their entry into the Group's scope of consolidation. No entities left the scope of consolidation in 2013;
- Prevention reporting covered 84.5% of the Group workforce in 2013. New acquisitions receiving training on the rules and standards of reporting in the first year of their integration into the Group. However, taking into account their prevention indicators within the aggregates provided by the Group, after the third year following their integration, the decision on implementation is based on the time needed to acquire the Group's methods and standards. In 2013, the sites of the logistics platform in Hungary, Meta System at Reggio Emilia and Ronchi dei Legionari in Italy, Inform in Turkey and Indo Asian Switchgear in India have been integrated into the scope of reporting. No entities left the scope of consolidation in 2013;
- Environment reporting covers production sites, administrative sites of over 200 people and sites with storage capacity exceeding 15,000 sq.m. In 2013, this reporting covered over 85% of the Group's production costs, with the integration of six units, the Murthal, Noida and Haridwar industrial facilities in India, a site in Eindhoven in the Netherlands, an industrial site in Istanbul in Turkey, and a site at Anaheim in the United States. New acquisitions are integrated between one and three years following the year of entry into the Group's scope of consolidation. One entity left the scope of consolidation in 2013: the Itu site in Brazil (taking into account the transfer of its industrial activity to another Brazilian Group site);
- If an entity is sold, it immediately exits the scope of reporting mentioned above.

For more information on the Group's reporting tools, please refer to section 5.3.4. of this Registration Document for Environment reporting, and section 5.4.4. for issues involving the social dimension and topics related to prevention.

Finally, in accordance with the requirements of Article 225-102-1 of the Commercial Code (Grenelle 2 Act), the contents of this section have been audited by an independent third-party entity for the fiscal year 2013. The auditors of the Legrand Group, who have been authorized to carry out this task, have established an attestation of completeness for CSR information and have provided a reasoned opinion on the fairness of this information. Please refer to section 5.5 of the Registration Document for information on this attestation.

5.1.5 - Inclusion in SRI* indices and CSR** awards

Non-financial reporting

To promote transparency and openness, in particular towards investors and shareholders, Legrand regularly responds to requests relating to its non-financial performance. To facilitate access to information, a section for SRI analysts(1) has been added to the corporate website *www.legrand.com*. At the end of 2013, Legrand was included in various indexes of listed companies that satisfy certain ESG (Environment, Social, Governance) criteria:

- **Dow Jones Global Sustainability Index (DJSI) Europe and World:** companies in this index are those that score highest for CSR performance based on the "best-in-class" method of the RobecoSAM rating agency;
- **FTSE4Good (London Stock Exchange):** created by the London Stock Exchange and managed by the UK rating agency EIRIS (Ethical Investment Research Service), this financial index includes listed companies considered ethical and responsible;
- **ESI Excellence Europe:** this index is composed of companies in the Ethibel register based on a "best-in-class" approach combined with ethical exclusion criteria; assessments are conducted by the Vigeo rating agency;
- **Ethibel Pioneer and Ethibel Excellence registers:** a selection by the Ethibel Forum of industry leaders in terms of Corporate Social Responsibility (CSR);
- **ECPI EMU Ethical Equity:** this index consists of 150 publicly traded companies in the euro zone, picked for their sound social, environmental and ethical practices. It is managed by the Italian rating agency ECPI;
- **Prime status in Oekom Research's Corporate rating**, awarded in recognition of the Group's CSR actions;
- **2014 Sustainability Yearbook**, published by the asset manager RobecoSAM in association with KPMG: this document includes a ranking by sector of companies with the best CSR record.

CSR distinctions and awards

Legrand has been awarded a number of distinctions and rewards for its sustainable development performance:

Oversight and management of CSR strategy

- **"Responsible Supplier Relations" label of approval.** This label spotlights French companies that have demonstrated sustainable and balanced relations with their suppliers. Awarded in 2012 for a period of three years by Vigeo (partly based on annual audits), the label recognizes Legrand's continued application of the ten commitments to sustainable purchasing set out in the Charter of Inter-company Relations. Legrand played a part in preparing this reference text and was one of the first signatories in 2010. Legrand was one of the four companies to be singled out for this label of approval in 2012, which it was awarded again by Vigeo in 2013.
- ***Médiation Inter-entreprises*:** Legrand ranked top among 60 major companies. Under the aegis of the French Ministry of Economic Regeneration and *CroissancePlus*, *Médiation Inter-entreprises* consulted 530 suppliers of major French companies to assess how well they conducted themselves and whether they met the supplier's payment terms (compliance with contractual terms, fairness of the conditions, speed of payment, quality of interaction and medium/long-term strategic involvement). This ranking recognizes Legrand's efforts to build lasting, balanced and mutually beneficial relationships with its suppliers.
- **Supplier of excellence of the year (Annual Strategic Sourcing Excellent Supplier Award):** awarded to Legrand Shidean by Forte Group, China's leading property developer, this award is given to three suppliers from a panel of 200 strategic partners. It recognizes the ability of the Group's Chinese subsidiary to satisfy real estate needs in terms of qualifications, performance, continuous innovation, quality and service.
- **China Smart City Construction Recommended Brand:** prize awarded to Legrand Shidean by "Smart China Joint Committee and China Public Security Magazine" from the 300 companies assessed. This award recognizes the company's leading role in terms of R&D within the industry, its achievements in terms of sustainable construction in China, and its actions in terms of social responsibility.
- **Employment of women in Turkey:** Legrand Turkey was ranked among the top 15 companies in the Kocaeli region for female employment. The list was drawn up by the regional government as part of the effort to promote female employment in Turkey. The 15 companies listed all have over 200 female employees.
- **Environmental Tracking Scope 3 Disclosure Leader Award:** Legrand has been recognized for the quality of its analysis of greenhouse gas emissions (Scope 3) by the EIO (Environmental Investment Organisation). This organization publishes several rankings (Environmental Tracking Carbon Rankings) of global companies according to various criteria related to their greenhouse gas emissions and their communication on the subject. With ten analysis criteria used to detail the origin of its scope 3 emissions, Legrand came third in the "ET Scope 3 Disclosure Leader Award" category.
- **Carbon Disclosure Project:** an international non-profit organization, CDP provides the framework for greenhouse gas emissions. It measures the commitment, transparency and performance of companies in this area. In 2013, Legrand was awarded a score of 81B.

* *SRI: Socially responsible investment.*

** *CSR: Corporate social responsibility.*

- **Recognition of Legrand North America by the US Department of Energy (DOE)** at the Industrial Energy Technology Conference (IETC). Legrand North America earned this recognition for its ongoing efforts to make energy efficiency a priority through its participation in the "Better Buildings Better Plants" (BBBP) challenge sponsored by the White House.
- ***PAP50 Entreprises*:** Legrand has been ranked by the World Wide Fund for Nature (WWF) France and *Riposte Verte* among the "PAP50 Entreprises". This survey assesses the paper use policy of the 50 largest companies in France, analyzing in particular their paper consumption, the share of sustainable paper used, and actions taken to maximize recycling. Legrand was ranked sixth with a score of 65/100.
- **Clean industry certification ("Industria Limpia")**, awarded by the Office of Environmental Protection of the Mexican Federal Government (*Procuraduría Federal de Protección al Ambiente*, or PROFEPA) to Legrand's Mexican subsidiary Bticino for the environmental management of its industrial facility in Querétaro. This certification recognizes the effective implementation of local environmental regulations, as well as the continuous improvement of processes and environmental performance at the site.

Solutions, products and systems

- **National Innovation Award – Design category *(Premio dei Premi)*:** Bticino, a Legrand subsidiary and leading Italian manufacturer of high-end wiring devices, was given the National Innovation Award in Rome for its packaging design for individual plates in its LivingLight range. The National Innovation Award is given to companies and public bodies that use innovation to play a key role in the social, economic and scientific development of the country. In this instance the award went to products in the LivingLight range, an integrated series of technical solutions which are pioneering in terms of their environmental and economic impact (reduction in volume, production and building costs).
- **Winner of the Lighting for Tomorrow** competition: Legrand North America won the eleventh edition of the competition with its lighting management system for Adorne. Awarded by the American Lighting Association (ALA), the Consortium for Energy Efficiency (CEE) and various laboratories, the competition showcases the best energy-efficient lighting designs for the residential market.
- **Inclusion in the 2013 Progress Report of the Illuminating Engineering Society (IES).** The WattStopper dual loop photosensor, developed in partnership with the California Lighting Technology Center (CLTC), was one of the products featured in the IES Progress Report. Published annually by the IES Progress Committee, the report showcases products that have contributed to "a significant advancement in the art or science of lighting". The 2013 report describes how the photosensor can help make buildings energy-neutral.
- **Sustainable AV Award.** Awarded to Middle Atlantic Products Inc., a Legrand subsidiary, by InfoComm International, the leading professional body for the audiovisual industry in the US. This award was created by InfoComm to give recognition to individuals and organizations that have implemented environmentally sustainable practices in the manufacturing of products or integration of audiovisual systems, by reducing waste or other similar measures.
- **Global Growth Leadership Award and Global Company of the Year Award**, awarded by Frost & Sullivan, an international research organization. The Global Growth Leadership Award was given to Legrand for its position and approach in the UPS market. It recognizes that the company has demonstrated excellence by achieving the highest level of global growth over the past three years. Four factors are recognized as the key to Legrand's success: an acquisition-led growth strategy, in-depth technical experience, an exemplary product range, and product differentiation. The Global Company of the Year Award demonstrates that Legrand's growth is driven by its innovation and customer focus, notably with a sales system designed to facilitate the consultation and information process.
- **French Business Awards for the Environment – Grand Jury Prize in the Innovation in Technology category.** Organized by the French Department of Ecology, Sustainable Development and Energy and the Agency for Environment and Energy Management (ADEME), the annual Business Awards for the Environment are given to companies with a record of outstanding achievement in the fields of the environment and sustainable development. Legrand won recognition for its "Building Energy Manager", an easy-to-use energy management tool specifically for small and medium-sized buildings, principally for use in the commercial sector.
- **SGBP (Singapore Green Building Product) Certification.** Awarded by the SGBP (Singapore Green Building Council), a non-profit organization working on a standard for sustainable construction in Singapore, this certification recognizes the environmental properties of sensors integrated into lighting management systems sold by Legrand Singapore, and particularly the energy savings such products can generate.
- **2013-2014 Home Awards:** Groupe Arnould, a French subsidiary of Legrand, was nominated for the awards for its *Espace Évolution* wiring devices. Following "live" testing by a panel of independent consumers, the award-winning products passed an *Examen Qualité*® test demonstrating the functional properties and value of the products while in use.
- **Recognition of a user-centered innovation:** Awarded by Frost & Sullivan to the Minkels Group in the Netherlands, this recognition highlights the ongoing efforts of the company to improve the energy efficiency and flexibility of its products and solutions for data centers.

5.2 - CORPORATE GOVERNANCE: 2013 POLICY AND RESULTS

The Group plans to ensure profitable, lasting and responsible growth for its operations and meet the expectations of its stakeholders to the best of its ability in terms of economic choices as well as business ethics.

The Charter of Fundamental Principles reflects the manner in which the Group plans and conducts its business, and specifies the values shared by the men and women of the Group. It promotes behavioral ethics as one of its core values and sets outs the rules of behavior and business conduct that every employee must observe. This Charter is available on the website www.legrand.com. It has been translated into around ten languages and incorporates a practical guide. All Legrand entities subscribe to it.

The Competition Charter complements the Charter of Fundamental Principles. Adopted in 2010, it sets out the rules of compliance with competition law that every employee must follow in his daily business conduct.

A Guide to Good Business Practices has been published since 2012. It focuses on the prevention of corruption and the fight against fraud. Additional questions relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also discussed.

The Chief Legal Officer and the Group's Director of Human Resources, both of whom are Group Ethics Managers jointly serve as mentors for good governance. A network of 60 ethics representatives is deployed in the subsidiaries; it is responsible for providing local guidance on the proper application of the Group's principles, and for passing on to Group level issues that deserve priority attention.

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

Respect for human rights

The Group complies with regulations in force in the countries in which it operates. It endorses the values of the UN International Charter of Human Rights, comprising the Universal Declaration of Human Rights (1948), and the International Labor Organization (ILO) Declaration, particularly the eight conventions* on the fundamental principles and rights at work. Regardless of the local context, the Group seeks to uphold the principles of Human Rights.

The Group's actions in favor of human rights are based on voluntary principles and standards of responsible behavior, including the OECD Guidelines for multinational enterprises, the Global Compact's human rights and labor standards principles, and the UN Guiding Principles on Business and Human Rights (John Ruggie report), which recommends a three-prong approach: protect, respect and remedy. These provide a structural framework for Group policy.

The Group is committed to the progress of rights and to ensuring a legal and human framework for the workplace, remedying rights violations against employees on its sites if such a case arises, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in employment and occupation and preservation of health and safety.

These commitments also apply to employees of the Group's suppliers. They are implemented for example through the Sustainable Development questionnaire that is an integral part of the supplier approval procedure, or Rule 1 of the Sustainable Purchasing Code on child labor (ILO convention 138 on minimum age). For more information on the Group's Purchasing policy, please refer to section 5.2.2.

In early 2013, Legrand updated its risk mapping. It classified the countries where the Group operates, based on the ratification of the eight ILO conventions on fundamental principles and rights at work and the Freedom in the World index. This revealed that 72% of the Group's workforce, excluding acquisitions in the past three years, are in free or partially free countries. A self-assessment, based on the methodology of the Danish Institute For Human Rights, was offered to "not free" countries to raise awareness of human rights. In 2013 the self-assessment was introduced in five pilot countries: Saudi Arabia, China, United Arab Emirates, Mexico and Thailand. The results will be used by the Group in 2014, and will feature among the objectives of its new CSR roadmap.

Legrand's commitments in terms of respect for individuals are set out in the Group's Charter of Fundamental Principles. Legrand seeks to guarantee each employee fair, equitable and lawful working conditions. All forms of discrimination – whether linked to age, gender or ethnic origin – are prohibited. The Group's employees, whatever their position, must ensure that their behavior is consistent with these commitments. Managers must prevent forms of harassment or discrimination and swiftly address any issues that arise within their teams. To do this they can contact their local ethics representative, or the Human Resources Department or Legal Department. Requests

* *No. 87 Freedom of association and protection of the right to organize convention – No. 98 Right to organize and collective bargaining convention – No. 29 Forced labor convention – No. 105 Abolition of forced labor convention – No. 138 Minimum age convention – No. 182 Worst forms of child labor convention – No. 100 Equal remuneration for men and women for work of equal value convention – No. 111 Discrimination (employment and occupation) convention.*

and queries are handled in the strictest confidence and with the utmost respect for the individuals concerned.

Subsidiaries apply these commitments locally and may expand on them where circumstances allow. For example, in the United States, Legrand North America is committed to the prevention of workplace violence through a statement that no verbal or physical intimidation, harassment, threats or acts of violence may be tolerated in the workplace, either among the Group's employees or among its customers and suppliers.

Business ethics

At the Group level, business ethics focus on the prevention of corruption, the fight against fraud and compliance with rules of competition, as well as conflicts of interest, compliance with sanctions, fight against money laundering and financing of terrorist activities.

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

The Group's business ethics compliance policy was defined with an emphasis on sharing experiences especially with other companies in its sector and within the framework of meetings of the GIMELEC trade association and also the CAPIEL (Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear).

The Group's central departments are involved in this policy as they regularly take part in reinforcing established rules and developing awareness, training and monitoring activities. The policy also implies the involvement of all the subsidiaries of the Group that locally implement the defined rules and customize them in accordance with local laws and regulations.

The Group ensures that all its main stakeholders, in particular its customers and suppliers, are both informed of and comply with its business ethics policy.

The Group believes that there is currently no exceptional fact or any governmental, legal or arbitration proceedings that may affect or have recently significantly affected, with serious probability, its financial position, its assets and liabilities or its business.

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

However, it should be pointed out that a subsidiary of the Group was indicted by the French courts in 2012 following items published in the Volker report concerning the program implemented by the UN from 1996 to 2003 in the context of economic sanctions imposed on Iraq. In May 2013, the examining magistrate issued a decision referring this subsidiary along with 12 other French companies for trial before the Paris Criminal Court. The compliance program set up by the Group and described below is a tool aiming at preventing the occurrence of such kind of risks.

In total, ten cases of fraud or attempted fraud outside the Group were recorded in 2013. However, none of these cases presented a significant challenge for the Group as a whole. Corrective action plans have been systematically implemented to address the risks identified. In accordance with the Group's governance principles, these cases have been reported to the Group Audit Committee.

Compliance program

Since 2011, a compliance program comprising all the constitutive areas of business ethics was formalized; these areas are as follows:

- compliance with the rules of competition;
- compliance with sanctions, prevention of money laundering, financing of terrorist activities;
- fraud risk management;
- good business practices, prevention of corruption, in particular.

This program is organized around five principles:

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

Management of this compliance program is assigned to an internal multidisciplinary committee that meets quarterly under the leadership of the Group's Legal Department. Its two main missions are to define a set of work priorities and monitor the results achieved. This Compliance Committee reports annually on its work to the Group Risk Committee, which reports to the Audit Committee and the Board of Directors.

With specific regard to CSR risks, these are included in the Legrand Group's overall risk mapping. They are divided into three categories: environmental risks, risks related to Human Resources and social commitments, and governance and ethical risks. Within these three categories, each risk is assessed on the basis of an occurrence/impact matrix (for more information on risk management, please refer to section 4 – Risk factors). Risk management, and in particular management of governance risks, is provided by the Group's Internal Audit Department, whose work programs and internal control methodology include specific due diligence audits for these matters. Please refer to section 4.6.2. of this Registration Document for details on the Group's internal control principles.

5.2.1 - Applying ethical commitments on a day-to-day basis

As part of its 2011-2013 roadmap, the Group broke down the application of ethical commitments according to the three targets detailed below.

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Progressively structuring dialogue with the Group's stakeholders	Number of stakeholders mapped	100%
Training Group's ethics representatives in human rights and combating corruption	Deployment of support processes Number of awareness-raising/training events	100%
Continuing to train Group's staff to comply with the Charter of Fundamental Principles and its supplement on competition	Deployment of training initiatives Local audits carried out Awareness-raising plan for acquisitions	100%

5.2.1.1 PROGRESSIVELY STRUCTURING DIALOGUE WITH THE GROUP'S STAKEHOLDERS

Structuring the Group's dialogue with its stakeholders relies on its longstanding involvement with players in the electrical industry, and its culture of social dialogue and exchange with local communities.

The activities of the Group's subsidiaries and operational departments form part of a sustainable approach, by fostering reciprocity and dialogue with customers, suppliers, employees, partners, etc. They encourage knowledge-sharing and communication on CSR, furthering the aims of the Sustainable Development roadmap through their policies and actions.

In 2012, Legrand signed the CAPIEL* Code of Conduct: "Diriger nos business de façon durable" (Sustainable business management), reflecting its commitment to guide and support market stakeholders by setting demanding standards for ethics, Corporate Social Responsibility, the environment and customer satisfaction. The Group aims to achieve continuous improvement in each of these areas, year after year, focusing on value creation in the long term These aims are applied across the value chain, from suppliers through to marketing.

For example, the business ethics compliance policy of the Group, including the adoption of the Guide to Good Business Practices demonstrates the continued commitment of the Group to respect its customers, suppliers and business partners and to avoid involving them in any commercial activities that might be incompatible with business ethics.

Legrand drew up a map of its stakeholders in 2012. The mapping process clarified existing relations in the areas of corporate social and environmental responsibility and identified improvement priorities for the Group. These outcomes and targets have been proposed to the operational departments with responsibility for the issues identified.

The achievement of the objective of progressively structuring the dialogue with stakeholders was measured based on the number of stakeholders mapped between 2011 and 2013; mapping means identifying stakeholder expectations with regard to the Group, defining responses that can be made by the Group and implementing the terms of dialogue. At the end of 2013, eight stakeholders had been mapped and the objective was fully achieved.

* *European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear. A very diverse association representing a wide range of manufacturers' federations in France.*

Mapping of Group stakeholders, sources of information and forms of dialogue

Stakeholders	Expectations	Group responses	Sources of information and forms of dialogue
1. Customers	1. Product quality, safety and ease of installation 2. Customer focus 3. Ethical practices and trust 4. Innovation	1. Product risk management 2. Measuring customer satisfaction 3. Responsible communication 4. Collaborative innovation	Customer service – Satisfaction surveys – Guide to Good Business Practices – Partnerships and clubs – Publications and mobile applications (energy efficiency, green building)
2. Employees, trade unions	1. Quality of life and occupational health & safety 2. Fairness 3. Labor and union rights 4. Training, employability and career development 5. Diversity 6. Recognition at work 7. Compensation and incentives	1. HR policy and prevention 2. Charter of Fundamental Principles 3. Parties involved in social dialogue 4. Forward-looking skills management and mobility policy 5. Diversity policy 6. and 7. Parties involved in innovation and contributors to Group performance	Surveys on the quality of life at work – Workplace medical service – Charter of Fundamental Principles – Staff representative bodies and trade unions – Agreements signed or being negotiated – Group intranet – Company magazine – Reporting – Committee for the advancement of women, “Elles by Legrand” – Network of gender equality guarantors
3. Suppliers and subcontractors	1. Long-term relationships and support policy 2. Share specifications 3. Fairness and equality 4. Respect for the confidentiality of data and communications	1. Responsible relationships and collaborative actions 2. Quality Management System 3. Ethical purchasing code	Purchasing policy – Purchasing Specifications – Ethical purchasing code – Website – Evaluation of supplier CSR (approval procedure, audits, site visits, etc.) – Annual events (supplier rating) – Supplier Days
4. Industry and scientific and academic community	1. R&D, innovation 2. Sharing knowledge and pooling skills 3. Support for universities and research centers	1. and 2. Collaborative projects 2. Commitment to safety of electrical equipment 3. Engagement with the academic community and collaborative projects	Competitiveness clusters – Participation in government and industry programs (legislative, regulatory, environmental, etc.) – School partnerships, internships, competitions, sponsorship, training
5. Financial community	1. Good governance 2. Performance	1. and 2. Detailed regular financial reporting (quarterly)	Summary of the work of specialist committees of the Board of Directors – Analyst meetings, responses to rating agency questionnaires – Investor roadshows – Investor days – Submission of Registration Document and various publications, websites – Financial press conferences
6. Shareholders	1. Performance 2. Information 3. Trust and consideration 4. Good governance	Detailed information provided	Shareholders’ meeting webcast – professional information distribution – website – Dedicated e-mail address – Toll-free number for individual shareholders – Provision of Registration Document – Publication of shareholder letter – Site visits – Code of Conduct with respect to trading and market activities
7. Civil society	1. Support for local economic development 2. Dialogue, transparency and ethical behavior 3. Compliance with regulations, labor law, human rights, occupational health 4. Environmental protection	1. Support for business creation and combating social exclusion 2. Charter of Fundamental Principles, Competition Charter and Guide to Good Business Practices 3. Human rights policy 4. Promotion of sustainable development	Support for local associations involved in business creation and social integration – Pooling expertise – Joint training and reception facilities – Reporting – Workplace medical service
8. NGOs and charities	1. Sustainable partnerships 2. Donations 3. Support	Partnership with *Électriciens Sans Frontières* Local partnerships and actions of Group subsidiaries	Corporate philanthropy and support for local charities Legrand foundation

Relationships with customers

Customer focus is part of the Group's four values. Customer relationship management is formalized through standard contracts that specify terms of sale and are adapted to various geographical areas under the responsibility of the France Director, the Export Director or the Sales Director in each country.

A number of processes and procedures are central to customer relations, such as responsible communication, exchange platforms (training and brainstorming workshops), customer satisfaction (service quality, management of dissatisfaction), safety and management of product risks.

Responsible communication

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

The Director of Group External Communications, reporting to the Director of Strategy, is responsible for ensuring the implementation of these principles throughout the Group's subsidiaries, with a dedicated team of 200 people in all. Local teams manage their own communications, in accordance with the regulations and voluntary codes and, where there is no self-regulation body locally, communications are systematically checked for compliance with Group values and the specific cultural requirements of some countries and validated by the Group.

For each international product launch, communication is handled by the Group's external communications Department, in accordance with Group rules. All communication must be approved by the Director of Group External Communications and his team. Communication tools – particularly the source files – are held in a database accessible only to the department's communications officers. Compliance with Group rules is verified before these are distributed to subsidiaries, which may not adapt the creative concepts to the local context. The directors of subsidiaries are also briefed so that they can apply these principles to their own media relations. The Group has been found to be compliant with these principles and ethics since their introduction, with no occurrences of non-compliance.

The Group is a member of associations espousing voluntary communication principles and codes, including for example the UDA (*Union des Annonceurs* – Advertisers' Union) in France and the UPA (*Utenti Pubblicità associati*) in Italy. These associations comply with a range of European and national regulations, including:

- ICC Code no. 240–46/557 of February 3, 2010: framework for responsible environmental marketing communications, and the consolidated ICC Code of advertising and marketing communication practice;
- Charter of commitments and objectives for responsible advertising, of the French Ministry of Ecology, Energy, Sustainable Development and Territorial Development, the Secretary of State for Industry and Consumption and the French Advertising Standards Authority (BVP);
- the IAP (*Istituto dell' Autodisciplina Pubblicitaria*) Self-regulatory Commercial Advertising Code (*Codice di Autodisciplina della Comunicazione Commerciale*) in Italy.

The UDA has also established an advertising self-regulatory authority, the ARPP, which is tasked with responding to cases of non-compliance with established principles and codes. The Group undertakes to respect the ARPP's decisions, for example with regard to advertising submitted ahead of campaign launches. The UDA has published a Charter setting out standards for the respectful portrayal of people in advertising, which recognized by the French Ministry for Solidarity and Social Cohesion.

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

Collaborative innovation

The Group's customers are involved in the innovation process through brainstorming workshops.

In 2012 the Group set up the UCD (User-Centered Design) project, based on an iterative methodology involving the end user in the product development process. The project is based on ISO 13407 and works according to a design approach centered on the user, concentrating specifically on product usage. A multidisciplinary group (from marketing, research and development, design, quality and sales) was trained in user-centered design methods. A 10'' multimedia touchscreen, the first product designed using this method, was launched in 2013. Other development projects are in the pipeline. The value and functional properties of the Group's products are essential for customer satisfaction. In 2013, Groupe Arnould, a French subsidiary of Legrand, was one of the winners of the 2013-2014 Home Awards for its *Espace Évolution* wiring devices.

Other similar initiatives include:

- the "Future Home" program in which users participated in identifying major trends impacting on housing and its use, as well as emerging expectations in terms of electrical products; The program has resulted in concrete innovative concepts that are now being analyzed by the Group's industrial divisions;
- the Group's "Energy Management Contest" was opened to customers in the My Open community* in 2012. The challenge to contestants was to develop Android apps, particularly for energy management. A selection of ten submissions was narrowed down to eight for development, including applications to access all *My Home* automation functions (automation, temperature management, voice commands, etc.), and others designed to encourage greener homes, with features such as calculation of consumption metrics and alerts in the event of over-consumption.

05

* *My Open community: a community open to anyone who wishes to develop specialist integration and customization solutions for the My Home home automation offering. The community is based on the Open Web Net protocol, which was developed and placed in the public domain by Bticino (a Legrand brand) as an open system for use in My Home.*

Measuring customer satisfaction

Another vital aspect of customer relations is satisfaction (a metric to measure perceived quality and the degree to which expectations are taken into account), and management of any dissatisfaction.

The Group's relationships with its distributors, electricians, specifiers and users are central to its strategy. Legrand has over 70 showrooms and 15 training centers, including Innoval in Pantin, Bagnolet and Limoges. These structures have welcomed more than 110,000 people since 1999 (opening date of Innoval Limoges), including more than 3000 visiting customers and over 5700 customers on training programs in 2013. Assessments of service quality are conducted with key customers. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also held with product specifiers to discuss their expectations.

Subsidiaries' Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. They use metrics such as service level indicators and daily dashboards (*e.g.* the percentage of calls taken or the time taken to answer calls). Satisfaction surveys covering offers or service quality are also conducted at regular intervals, with samples representative of the Group's value chain. In France, a satisfaction survey has been conducted every year since 2012 based on the quota method used by leading pollsters. The percentage of satisfied or very satisfied customers rose from 89% in 2012 to 93.1% in April 2013. Action plans have been introduced to reach a target of 95% in the next survey in early 2014. These include keeping the customer informed of how his/her query is being handled, fully understanding the customer's query, following the proper procedures, and adopting a friendly, personal and empathetic approach.

In 2004, the Group introduced a standard system for enhanced customer relationship management. This has boosted customer satisfaction and loyalty by continually exceeding customer expectations. For example, over 70% of Group sales is covered by Salesforce, a leading CRM software tool. More recently, 2013 saw the launch of Chatter, a corporate social network within Salesforce which is used to share projects and information. From a marketing perspective, it facilitates the reporting of field data. Over 100 users currently have access to this in the Group's sales and marketing divisions, as well as in its industrial divisions.

Multi-sector analyses by customer service departments are sent every month to the industrial divisions, with comments or improvement suggestions from customers with a view to providing inputs for product development. In addition, in 2011, the Group launched a new IT project called SOLUTIO with the objective of enabling direct communication between the after-sales departments of each subsidiary, the quality teams at the industrial divisions and the central Product Risk Management Department. Information is shared in real time, and technical issues or customer dissatisfaction is registered immediately for optimized processing.

Major customers also evaluate the Group's performance and services. For example, every year, Legrand receives independent global assessments of its services (marketing, technical support, supply chain, distribution policy and cooperation) from some of its main distributors. The Strategy and Development Division analyzes these results and provides feedback to all countries.

The availability of Group products for its customers is also key to customer satisfaction. As a result, Legrand monitors the service rate for each of its subsidiaries to measure the Group's ability to fill orders from its customers in the desired quantities and time frame. This customer service rate is consolidated by the Group Logistics Department. It is calculated using a common method for 60% of Group sales; on this basis it stands at over 88%. Customer satisfaction also depends on the Group's ability to guarantee the authenticity of its products to customers. Accordingly, the Copytracer device, which is currently installed on the new generations of modular circuit breakers, on Valena wiring devices in Russia, due to be gradually extended, applies a specific mark to the Group's products to differentiate between original products and copies and other counterfeits that are often synonymous with risk for users. Moreover, since 2009, the process of managing customer dissatisfaction has been further improved. In particular, reasons for dissatisfaction are classified according to different levels of severity, with those that may have implications for the safety of goods or people, or present a major financial challenge, being taken into account in a specific manner.

Product risk management

A procedure for product risk management is in place and applicable to all Group products, irrespective of brand and destination market, thus providing accelerated internal processing procedures for potentially critical situations. About 80% of the countries where the Group operates are covered by the procedures described above. In view of the type of products produced by the Group, the safety impacts for people and goods are an integral part of all quality processes. 100% of our long-term industrial sites are ISO 9001 certified for all processes (R&D, product design, production, logistics, supply chain, sales, etc.). Furthermore, ISO 14001 environmental management certification at 87% of sites, the eco-design process, compliance with the European RoHS Directive(1) and the REACh Regulation(2), are all avenues towards eliminating or reducing the health and safety impacts of the Group's products for users. Technical data sheets, product markings and PEP(3) information sheets contain information on the safe use of the products and their components, as well as on the options for end-of-life disposal, recovery or recycling.

(1) RoHS: Restriction of Hazardous Substances.

(2) REACh: Registration, Evaluation, Authorization of Chemicals.

(3) PEP: Product Environmental Profile.

For more information on the RoHS European Directive, the REACh Regulation and PEPs, please refer to section 5.3.1. of this Registration Document.

For more information on product risk management, please refer to section 4.3 of this Registration Document – Legal risks (risks related to the product sold).

Relationships with Group employees and trade unions

The Group has conducted many initiatives over a number of years to involve employees in its CSR strategy: actions to raise awareness of Sustainable Development at sites, voluntary participation in meetings such as the Sustainable Development Forum, which brought together several hundred employees at Group headquarters, and proposals for action on the Group intranet site.

Group stakeholders in innovation

Legrand's employees are also very involved in the new product innovation and development processes. More than 250 of the Group's French employees who are members of a user group are able to share, discuss and test products and concepts, take part in surveys and round tables, and thus have a stake in the Legrand innovation process. In 2013, new Group wiring devices, after passing the initial conformity tests, were installed in the homes of staff volunteers, who were then able to give their opinion on ease of installation, ergonomics, design and value. Round tables were also organized to gather opinions and suggestions for the names of cable management products (trunking, mini-trunking, skirting, etc.). Ideas incubators have also been set up in the Group's industrial divisions. Suggestions are examined during weekly meetings with the teams from marketing and R&D. All these initiatives are accompanied by dedicated tools such as blogs, shared databases, webstore, etc., aimed at improving communication on the Group's actions with employees, facilitating participation in corporate life, and building networks and communities.

Parties in social dialogue

In employee relations, Legrand's subsidiaries ensure that employees know their rights and the social policy of the Group, through the use of various media: distribution of manuals to employees, display of written notices in accessible public places, and on the Group intranet site.

For more information on social dialogue, organizations representing employees and unions and collective agreements, please refer to section 5.4.1.3 of this Registration Document.

As part of the policy to promote social dialogue within the Group, and at the request of certain trade unions, Sustainable Development negotiations have begun in France. Like the negotiations for "Prospective Employment and Competencies Management", "Psychosocial risks at work and improving the quality of working life" (both of which were approved unanimously), and "Professional equality between men and women", which took place over last two years, the Group has embarked upon a process of negotiation scheduled over several years, committed to:

- discussing many issues (environmental, social and community, particularly in terms of diversity);
- interesting all employees in Group policy in promoting social dialogue.

Parties in Group performance

The remuneration policy is based on mechanisms of general increase, through collective bargaining in each country, and individual increase, based on each employee's own performance. We would also point out that the performance of some functions in the Group is assessed in part using CSR criteria. These criteria reflect the Group's commitments and the Sustainable Development roadmap. Examples include the individual appraisal review (individual appraisal review) rate for some HR functions, evaluation of suppliers based on Sustainable Development criteria for purchasers, and behavioral ethics for national or subsidiary Directors.

Please refer to section 5.4.1.2. of this Registration Document for more information on the human resource management mechanisms.

Finally, the achievement of Group development objectives is based on a set of key high-performing employees. Over recent years, Legrand has implemented a retention plan linked to the Group's performance. This plan, distributed until 2012 through performance shares and in 2013 in the form of bonuses, concerned more than 1,900 people in 2013, and is at the heart of the plan to motivate and retain the Group's human capital. These allotments are determined each year on the basis of the Group's past and future overall performance and according to a rigorous selection process conducted by an *ad hoc* committee whose purpose it is to identify in all of the Group's subsidiaries the employees who perform best and create the most value. This policy caused the Board of Directors to expand the categories of eligible beneficiaries and geographical areas. As a result, the number of beneficiaries has doubled over the last five years and two thirds of allotments are currently made to employees of international subsidiaries, while close to 40% concern new economies.

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

- profit-sharing and incentives: Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity. At the Group level, profit-sharing expenses totaled €30.2 million in 2013 and €35.8 million in 2012. In France, the profit-sharing agreements in effect were signed respectively on May 4, 2011 and May 24, 2012 by Legrand and its French subsidiaries. Total profit-sharing expenses for the year ended December 31, 2013 were €22.3 million, or 9.1% of total payroll in France in 2013;

- collective retirement savings plan (PERCO): this scheme in which the Company participates voluntarily, consists of a plan to enable willing employees to build long-term retirement savings with the help of the Company, under favorable financial and fiscal conditions. This plan was signed in October 2012 at the level of the Group's French companies;
- employee savings plan: Since 2004, the Company and its French subsidiaries have had an employee savings plan (*Plan d'Épargne d'Entreprise groupe Legrand*). In accordance with the law, this plan allows all employees of the Group in France for over three months to build savings through different investment funds (*Fonds Commun de Placement*) of their choice, managed by an accredited institutions. The sums paid into employees' savings accounts, which are by law frozen for a period of five years, may include statutory profit-sharing, discretionary profit-sharing, and voluntary payments, subject to legal limitations. Administrative costs are borne by the Company. This employee savings plan is effective for a renewable term of one year;
- company investment fund: In 2003, Legrand set up a new fund, in addition to those already in place, under the name *Legrand Obligations Privées* (Legrand private-sector bonds), allowing employees of the Group in France to invest their profit-sharing payments during the period they remain frozen in this fund which pays a financial return similar to the rate of interest paid on the frozen employee accounts previously used for this purpose. In 2013, this return was set at 5.5%. At December 31, 2013, employee investments in this fund totaled €57.5 million.

With regard to the Group's actions favoring its employees, please refer to section 5.4.1. of this Registration Document.

Relations with suppliers and subcontractors

The Group seeks to establish sustainable, balanced and mutually beneficial relations with its suppliers, within a clear relational framework. These principles constitute the Group's purchasing policy, which is implemented by a centralized purchasing department and enforced by a purchasing division present at each of the Group's industrial sites.

A Quality Management System

The Group Purchasing Department relies on a Quality Management System (QMS); this department has been ISO 9001 certified since 2007 for its European sites and for Turkey. This QMS was gradually extended beyond Europe; thus, in 2012, work was begun so that the purchasing departments in Russia, China and Colombia adopt a system for the approval of new suppliers in accordance with the Group's QMS procedures. In 2013, China adopted the Group's main purchasing quality procedures, which are being rolled out at other sites.

For the Group's European sites and Turkey, supplier relations are structured by this Purchasing QMS, which uses different operational stages that are scaled according to the challenges, risk and type of supplier, regardless of its location. Approval, contracting, visits and audits, risk and incident management, and performance monitoring are the main components:

- approval: in 2013, 10 new suppliers were approved for the Group's supplier panel, as per Group procedures;
- contracting: since 2012, rules on the preparation and approval of Group and local contracts have been extended to all Group units and included in the financial procedures;
- visits and audits: suppliers are visited regularly to review technical, quality, environmental or logistical issues. In order to be approved, the Group's accredited suppliers for materials and components are systematically audited on-site by buyers and quality professionals based on criteria incorporating aspects related to the organization, ethics, environment and risk management;
- risk and incident management: a supplier risk analysis campaign has been conducted annually since 2009 by leader and operational buyers. The supporting analysis grid includes 14 criteria and is reviewed at the beginning of each year for any necessary changes. The results are presented annually to the Group Risk Committee (for more information on the Risk Committee, please refer to section 7.4 of this Registration Document) and related action plans are monitored in the purchasing quality database. In 2013, 75% of purchases (or almost 84% of production purchases) were covered by this analysis (which involved 45 sites across 24 countries), versus 71% in 2012 (42 sites in 24 countries). This risk analysis led to the implementation and monitoring of action plans for providers deemed to be at risk. Supplier defaults are also monitored centrally every six months;
- performance monitoring, along with the establishment of an improvement plan if necessary: this monitoring is conducted monthly by the operational buyers and annually by the leader buyers. Internal users evaluate various points: product quality, timeliness of delivery, relationship quality, logistics, technical

collaboration with the research and development teams, price level and relevance to need, and the results are shared with the suppliers. For 2013, 315 suppliers underwent performance assessments in Europe and other parts of the world, in which they were scored on around 800 different aspects.

The QMS also promotes exchanges between Purchasing and other Group functions (Divisions, Human Resources, marketing, sales, finance, etc.) in a process of continuous improvement notably through annual interface meetings that enable the sharing of mutual expectations for better targeting of purchasing needs.

Collaborative actions

Supplier relations result in frequent exchanges not only between Group buyers and suppliers, but also between the Group's suppliers, quality professionals, materials experts and designers. These meetings are also occasions for sharing the best skills and creating a favorable climate, primarily for innovation.

For instance, the Group organizes Supplier Days where supplier expertise and innovation are discussed, primarily with the product development teams, but also with materials experts or the marketing teams. In 2013, around ten events of this type took place. In parallel, a new communication channel is in the process of being defined for selected suppliers, due to be introduced in 2014.

Acknowledgement of responsible relations

An ethical purchasing code was introduced in France at the end of 2012. Its aim is to ensure that each player in the Group, whether involved in an ongoing or occasional relationship with a supplier or likely to influence the act of purchasing, acts in accordance with Group practices, particularly in terms of ethical behavior. In 2013, 28 people liaising with suppliers worldwide received training on the ethical purchasing code (the entire Management Committee team of the Group Purchasing Department, lead buyers for materials and components, and project buyers). To standardize practices within the Group, the ethical purchasing code was also integrated into the Group's compliance program.

In France, Legrand is recognized for its responsible supplier relations by having been one of the first four French companies to receive the "Responsible Supplier Relations" label of approval in 2012. This label rewards French companies that have demonstrated sustainable and balanced relations with their suppliers based on the application of the ten commitments set out in the Charter of inter-company relations. It should be noted that Vigeo, responsible for assessing companies seeking this accreditation, audited Legrand again in 2013, confirming its label of approval. Several of the commitments under review relate to supplier respect, including the equal treatment of suppliers, a criterion for which Legrand was placed in the "consolidated commitment"* category by Vigeo. As regards the commitment in terms of sustainable and balanced relations with its suppliers, approximately half of the 500 major suppliers of Legrand sites in France have been working with the company for more than 10 years. Vigeo also scored Legrand in the consolidated commitment category in 2013 (compared with the "commitment initiated" category in 2012) for its focus on the risk of economic dependency on suppliers. At the end of November 2013, a league table produced by *Challenges* magazine ranked Legrand as the highest-scoring customer among SMEs in terms of quality of the supplier relationship and respect for payment terms.

Moreover, as part of its supplier relations, Legrand contributes to territorial development and helps to consolidate subsidiaries within the economic areas in which its sites are located, through two complementary approaches:

- the use of local suppliers, relying on a network of over 500 suppliers located in Haute-Vienne and neighboring departments. For example, nearly 18% of all non-production purchases from sites in the Limousin region of France are from local suppliers;
- supporting the international development of its suppliers, especially towards areas that hold economical potential for their activity and are near the Group's production sites. Vigeo laid positive emphasis on the second point, during the "Responsible Supplier Relations" certification.

Regarding the integration of suppliers into the Group's Sustainable Development policy, please refer to section 5.2.2 of this Registration Document.

Relations with the industrial, scientific, and educational community

The Group is committed to the development of the electrical industry through its collaboration on projects to promote innovation, its efforts to improve consumer safety, and its involvement with the academic community.

Collaborative projects

Continuous innovation is the core of Legrand's economic model for sustainable economic performance. To encourage this ongoing innovation, the Group is involved in collaborative projects accredited by competitiveness clusters or with technology transfer centers.

Competitiveness clusters are designed to bring local businesses, training centers and research units together in partnerships to develop innovative joint projects. Legrand is a member of several clusters:

- founding member of ELOPSYS, a high-technology cluster focusing on microwaves and photonics in the Limousin region, and of S2E2 (*Science et Système de l'Énergie Électrique* – Science and Electrical Power System), focusing on electrical energy for the Central and Limousin regions. It is also active on

* *Rated at the 3rd highest grade on a 4-point scale in terms of maturity.*

the research front with ten or so research projects rolled out, aiming to enhance assistance to and monitoring of the elderly in healthcare establishments and retirement homes through a system of sensors, data analysis and alerts sent to the care team. Another example is the REMOTE WAKE UP project, in which equipment which has been turned off is switched on remotely using an electromagnetic pulse. The challenge is to reduce electricity bills by 10% by not leaving equipment on standby. The project, which ended in 2013, means that concrete product applications can now be considered;

- a member of *Systematic* and *Image et Réseaux*, the Group is involved in the RDLO (Optical Domestic Local Area Network) project, which aims to develop new solutions for building-wide fiber-optic distribution, delivering high-speed services to multimedia equipment;
- member of *Fibres et Alsace Énergivie*, a competitiveness cluster dedicated entirely to energy efficiency in buildings, ultimately with a view to creating a positive energy building. In 2013, Legrand took part in the CIMBEES (Design and Industrialization of High Environmental Quality, Energy-Efficient and Social Building Modules) project, a program endorsed by this cluster. The aim of this project is to establish an interface between computer-aided design tools and a computerized production tool able to create a safe and affordable home, adapted to the customer's needs, and guaranteed to be energy-efficient.

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

- the European CSSL (Consumerising Solid-State Lighting) project in the field of lighting management. This project involved the replacement of incandescent light bulbs with LED bulbs. New control and dimmer solutions also went on sale in early 2013;
- the European "EnLight" project, under the aegis of the ENIAC (European Nanoelectronics Initiative Advisory Council). This project seeks to devise new architecture and solutions for LED lighting systems, combining comfort, lower energy consumption and new lighting applications;
- "Smart Vendée" and "Smart Electric Lyon". The aim of these Smart Grid projects is to develop new energy management solutions for commercial and/or residential buildings by incorporating new energy sources and optimizing consumption. The first pilot grid was launched in the Vendée region as part of an investment program announced by the French government. Several hundred smart meters are being installed in the local area to measure network changes in real time and to refine existing models. "Smart Electric Lyon" involves 2,500 consumers, retailers, industrial and service companies, social housing associations and authorities in the Greater Lyon area who have volunteered to be part of a pilot scheme testing the electrical systems of the future: intelligent energy performance solutions provided by French electricity and telecoms companies, installed in homes or on the premises of customers who have signed up for the scheme.

Legrand is committed to promoting the future of its industry.

- In 2013, the Legrand Group helped to set up Confluens, a joint venture between six home automation companies specializing in door-entry, automated shutter control and heating control systems and suppliers of wiring devices. The purpose of this start-up is to encourage interoperability between home automation equipment by developing a software layer that will allow different devices in the home to talk to each other, regardless of the wired and wireless protocols that they use to communicate. The initiative is open to other home automation equipment suppliers who can use this interoperability solution in the form of licensed software or an electronic module embedded in their products. In 2013, Legrand was involved, together with the French government, in the creation of the Silver Economy, a "business incubator" that brings together innovative start-ups and groups positioned in the care market. Legrand's Chairman and Chief Executive Officer has been appointed Vice-Chairman of the Silver Economy "Industry of the Future" committee, responsible for organizing and coordinating this sector. The committee brings together companies, trade federations, competitiveness clusters, government departments, financial institutions and actors involved in long-term care and welfare. It is tasked with examining proposals from industry stakeholders so that the government can then plan and implement its response for this sector. Legrand was also a preferred partner at the Silver Economy Expo, the leading trade fair for the ageing population. The trade fair featured three events, each one representing a solution for the elderly market: the personal services exhibition, *Maison du Mieux Vivre* – a showcase for solutions that make day-to-day living easier – and Solulo, an event aimed at sheltered housing associations, nursing homes and residential care homes.

For more information on innovation management, please refer to section 3.2.3.1 of this Registration Document.

A commitment to the safety of electrical equipment

As a responsible manufacturer, Legrand is committed to selling products that comply with the latest quality standards. The Group monitors developments in standards and technical laws applicable to the products and facilities within the scope of its activities. It supports developments in the electrical systems market through its membership of manufacturers' associations and by actively participating in the national, international and, in particular, European work of the standardization committees. It acts in strict compliance with national and international regulations and in agreement with the principles of the Guide to Good Business Practices mentioned in the introduction to section 5.2 of this Registration Document.

The development of standards and their impacts on the Group's business are incorporated into Group policies at a very early stage, to manage both the risks and opportunities arising as a result. Work in this area is overseen by the Group Standardization Director, who reports to the Strategy Director of the Legrand Group. He coordinates the work of standardization engineers dedicated to a country, an industrial division, a product family or a cross-over theme. Each of the Group's subsidiaries is then responsible for monitoring standards and legislation in its own country. The equivalent of thirty persons within the Group are thus dedicated to this activity.

Within the industry, Legrand works tirelessly to prevent counterfeiting and protect the end consumer. Since January 2006, some 2.5 million counterfeit devices (primarily switches and sockets) and 0.5 million circuit breakers under the Legrand, Tenby and Bticino brand names, as well as 16 production molds, have been seized and destroyed. The Group operates on two levels: through internal anti-counterfeiting mechanisms and active participation in global communication strategies *via* trade unions or industry associations (FFB (*Fédération Française du Bâtiment*), IGNES (*Industries du Génie Numérique Énergétique et Sécuritaire*), BEAMA (British Electrical and Allied Manufacturers' Association)) to raise awareness among all stakeholders, including installers and distributors. Since 2006, Legrand has also shut down over 1000 webpages selling counterfeit goods.

Engagement with the academic community

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

To maintain a vital link between industry and the academic community, and thus contribute to the skills enhancement of future electrical industry professionals, the Higher Education Relations Department has set up:

- partnerships with teaching establishments, their teachers/trainers and students, future product specifiers and decision-makers in the electrical industry. These include engineering schools such as ICAM Toulouse (Catholic Institute of Engineering), ESIR/Rennes 1 (Rennes Engineering College and University of Rennes 1 – Legrand is also a member of the *Fondation Rennes 1*), *École des Mines d'Ales*, Exia-Cesi Paris (School of Information Technology and Smart Technology), University of Limoges (Bachelor's and Master's Degree in Home Automation and Assisted Living) and, since November 2013, with the 3IL school (Specialist Engineering School for Smart Networks, IT and Embedded Systems);
- technical support for and regular exchanges with engineering colleges, such as the INSA (National Institute of Applied Sciences) in Strasbourg, ENSAM (National Engineering School) in Paris, ESIPE (East Paris Engineering College), *École Centrale Paris* (Central Paris Engineering College), and Telecom Sud Paris.

Legrand is also committed to supporting initiatives for new training courses designed to meet future skills requirements and create jobs. For example:

- vocational degrees at the Institute of Technology (IUT) of Mantes/University of Versailles-St Quentin in electromobility power engineering. The aim is to foster expertise in designing and manufacturing electric vehicles and the associated charging infrastructure, as well as after-market services;
- vocational degrees with the Institute of Technology of Evry or Creil-Vitry in Building Technology and Energy Efficiency or Renewable Energy;
- the course in Smart Grid Engineering at the Institute of Technology of Brive, and in Electricity Eco-Management at the Institute of Technology of Nantes and the CNAM Pays de la Loire (National Conservatory of Science and Technology);
- a Master's in Innovation Management open to local businesses with the IAE (*Institut d'Administration des Entreprises*, a French management graduate school), the *Centre Universitaire de Limoges*, and the AFPI, a vocational training and advisory body;
- the creation of training courses in areas related to photovoltaics with the AFPA, an adult vocational training association.

The Group supports the academic community through numerous partnerships, forums and joint initiatives. For example:

- innovation challenges are regularly held with partner institutions. In 2013, as part of the second innovation challenge "Yes I cam", organized in partnership with the ICAM in Toulouse, engineering students were asked to consider two innovation topics. The winning team, chosen by a panel composed of Legrand employees, was invited to company headquarters for the day to present their proposals before the Group's heads of R&D. Similar initiatives exist with the *École des Mines d'Alès* engineering school and CESI/Exia technology institute;
- initiatives to promote careers in its professional sector through efforts to identify talent. In 2013, Legrand renewed its official partnership with WorldSkills France for another four years. Legrand is the exclusive partner for the installation profession for the next two national finals in 2015 and 2017. Legrand sponsors the General Competition for the Electrical Engineering sector, organized by the French Department of Education. In 2013 the winner joined the Group's R&D teams on an apprenticeship.

Furthering the Group's support for education, it has seconded two engineers (*Ingénieurs pour l'École*, or IPE) to the *Académie de Limoges* to promote a strong link between business and the national education system. Their actions aim to provide a wider understanding of the business world not only among heads of institutions and teachers, but also among middle and high school students, through individual learning, orientation and discovery of the economic and professional world. These actions enable all students to gain knowledge of the business world. They help to foster an entrepreneurial spirit among young people and assist them in their career choices while increasing their chances of finding a job. In 2013 for example, the following were organized:

- meetings between heads of institutions and business leaders, for example as part of the "24 hours with..." program supported by the French business confederation Medef (*Mouvement des Entreprises de France*);
- seminars with the College of Regional School Inspectors and home automation inspectors. The Group has offered its expertise and facilities to encourage people to learn about and share business practices;
- visit during the School/Business week to a Group storage depot for transport and logistics college students;
- sponsorship of numerous students on ELEEC courses (Electrical Engineering, Energy and Smart Equipment). Many of Legrand's employees also visit classrooms or forums to promote the profession;
- introduction to the company's services and professions. Each month, Legrand also welcomes middle and high school students, giving them the opportunity to learn about the careers on offer in the various parts of the business. In total, more than 1,650 middle and high school students took part in 2013.

Relations with shareholders and the financial community

Legrand engages with its shareholders through regular communication to inform them about Group results and developments. To this end, the Group publishes its full results every quarter and every year.

Moreover, Legrand provides its shareholders with new tools for facilitating access to information: the professional newswire service, Business Wire, the Legrand website (including a section dedicated to financial information, a space for shareholders and a dedicated e-mail address), toll-free number for individual shareholders, provision of a Registration Document, publication of a newsletter for shareholders.

In particular, the website is continuously updated to provide current information, in addition to the quarterly and annual publications. Since 2010, out of respect for the environment and for greater interactivity, the Group has opted for digital communication *via* its website www.legrand.com and e-mail. On the occasion of its releases, it organizes direct interaction with the financial community in the form of conference calls or meetings and, where appropriate, Investor Days.

Relations with civil society

The Group is involved in local development through its support for employment, as well through its participation in events to protect the environment or promote local economic development.

Employment support

Legrand is active in nurturing entrepreneurship. In the framework of the Prospective Employment and Skills Management (GPEC) agreement signed in France in 2009, it has structured support for its employees interested in mobility outside the Company to either start up their own business, take over a business, or to retrain. The support program includes practical measures (enterprise creation leave, flexible working hours, etc.), financial support and advice.

Legrand is a partner of the *Réseau Entreprendre Limousin et Haute-Vienne* Initiatives (Limousin and Haute-Vienne entrepreneurship network), formed to support projects. The Group helped around 20 people retrain in a variety of sectors in 2013. With Legrand's support, an agreement was signed between the APEC (*Association pour l'Emploi des Cadres* – executive employment association) and the *Réseau Entreprendre Limousin*.

In 2012, Legrand also hosted the France Initiative awards for the most efficient companies (supporting business start-ups and takeovers), and the annual Business Angels event at its reception and training center.

Legrand also seeks to promote the employment of people with disabilities and has established close relations with ESAT sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) and Adapted Companies (*Entreprises Adaptées*). This is particularly the case in France with the APSAH association for the blind and people with disabilities (*Association pour la Promotion Sociale des Aveugles et autres Handicapés*). Annual contracts for service provision as well as production work are signed every year. Moreover, Legrand offers free training to the personnel of ESAT on the Legrand products they use as well as in safety rules and the use of fire fighting means. Trainees with disabilities are also integrated into the different establishments. Trainees from these bodies were received in Limousin, within the framework of the Disabled Employment Week, to enable them to discover a profession, a company or even a business sector in real-life situation. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

For the Group's corporate philanthropy in the area of disability, please refer to section 5.2.1.1. Progressively structuring dialogue with the Group's stakeholders – Relations with NGOs and associations.

Promoting sustainable development

In France, the Group supports a range of national and regional initiatives to promote Sustainable Development and related topics. On-site, the Group is involved in the following events:

- European Mobility Week, The Group teams up with the SNCF to promote regional express transport (TER network) for travel between home and work, providing its employees with all the information required to inform their choices (transport costs compared with cars, timetables, etc.);
- Sustainable Development Week, by organizing regular Sustainable Development forums to showcase the work done by several bodies, including the *Limoges Métropole* waste sorting center, ADEME and *Limoges Espace InfoÉnergie* (car pooling and carbon footprint).

The Group participates in or organizes promotional events in association with energy and the environment:

- on electric mobility to raise public awareness of electric vehicles (in the Paris region and in Normandy in 2013);
- on how eco-design can boost competitiveness: "Anticipate environmental standards and increase productivity", at a conference organized by Cetim (Technical Center for Mechanical Industries) in 2013. On the promotion of new technologies in association with Limoges city council and the Elopsys competitiveness cluster. In 2012 the Group participated in the "Technological (R)Evolutions" exhibition to demonstrate the breadth of high-tech skills in the region (in research, design and production). It contributed to three areas showcased in the exhibit: home automation and the energy efficiencies captured as a result, assistance for independent living, and electric and hybrid vehicle rechargeable points and plugs.

Relations with charitable associations and NGOs

Legrand encourages corporate philanthropy and support for charities and NGOs. These actions are defined by the Sustainable Development Department, as well as by the Group's subsidiaries according to local requirements.

The total budget allocated to charitable activities amounted to €711,000 in 2013 in monetary or material donations.

In 2007, the Group established a special partnership with the NGO *Électriciens Sans Frontières* for development and emergency aid. Please refer to section 5.4.2. of this Registration Document for more information on this partnership, as well as on the specific initiatives of the Group's subsidiaries linked to electrification programs.

Locally, the Group's subsidiaries engage in different areas: social integration, poverty, education, employment, environment, development aid.

- Combating social exclusion.

  In France, the Group is a member of FACE (*Fondation Agir Contre l'Exclusion*), a French foundation that works to prevent social exclusion. In 2012 and again in 2013, in a bid to provide collective and individual support to young jobseekers, Legrand was involved in the Job Academy project "Insérer vers l'alternance, l'emploi ou la formation qualifiante des publics diplômés des quartiers", which aims to integrate graduates from disadvantaged neighborhoods through work-study programs, employment or training leading to accreditation.

  In the framework of the agreement on the prevention of discrimination and integration of disabled people, Legrand allocates a budget for the donation of electrical equipment related to disability in the context of building renovation or construction. For example, Legrand supplied the La Richardière association in Lyon with necessary electrical equipment for renovating a building visited by adults with motor disability. This donation helped to cable the building for IT equipment and furnish it with devices enabling the use of medical monitoring software for the residents. Another partnership has resulted in home automation equipment being donated to the Association Valentin Haüy, a charity for blind and partially sighted people in Tours. The donation involved supplying the electrical equipment necessary for the complete refurbishment of the building to allow increased accessibility for the visually impaired. In 2013, another partnership resulted in the donation of electrical equipment for the Adèle de Glaubitz Institute for the Blind in Still, in the Bas-Rhin region. The aim was to help renovate part of the premises, including the building's emergency exit signs.

  The Group's various Brazilian sites are also keen to employ disabled people, either directly or through institutions like Caminhando, Adere or Mercedes Stresser. Persons with disabilities can thus participate in remunerated industrial projects, which enables them to be employed. Grants are also paid to such institutions.

  In Italy, since the "International Year of the Disabled" in 1981, the Bticino subsidiary has partnered the association CFPIL (Varese Center for Vocational Training and Integration through Work) and the province of Varese in Italy in facilitating the integration of young people with mental and motor disabilities into working life. Governed by an agreement, this commitment translates into the integration of trainees into the Group's Italian teams. The objectives of this partnership were mainly to promote their integration into working life. The constant and active commitment of Bticino in the social field was recognized with one of five nominations for the Sodalitas Social Award in June 2012. Bticino was nominated for its activities to promote the integration of persons with disabilities into production operations.

  Bticino also chose to collaborate on and fund the "Studying with the Senses" project, promoted by the *Associazione Controluce* (Backlight Association) with the support of the *Museo Tattile*

(Touch Museum) and Territorial School in Varese. Within this framework, a series of training courses and tools for teachers to support children's learning through the use of sensory systems, and particularly the inclusion and acceptance of children who have sensory and/or cognitive limitations, have been put in place.

In Turkey, Legrand has invested to create a "No handicap for our future…" fund which supports social enterprises whose workforce is at least 80% composed of people with disabilities. This initiative helps the people concerned to find work and earn a guaranteed minimum wage. The Group also sponsors an electrician's course for young women who want to train as electricians.

In Dubai, Legrand subsidizes SENSE, a local association that helps disabled children.

Finally, in Colombia, the subsidiary supports the RECA Foundation (*Red de empleo con Apoyo* – Supporting Employment Network), an NGO that promotes insertion into the labor market of workers with mental disabilities.

- Poverty

In Brazil, the Group's local subsidiary is involved in the Pescar project, which provides academic support and training for disadvantaged children. US and Canadian entities are involved in health efforts through donations to the National Multiple Sclerosis Society, the Canadian Cancer Society, and to the Salvation Army.

In the United States, during a conference with its suppliers, Legrand North America raised money which was donated to the Connecticut Children's Medical Center.

In Costa Rica, the Group supports the World Vision Foundation, which builds a better future for children by offering sustainable solutions to fight against the root causes of poverty.

In Italy, the Group supports "Solidarity", a shelter for women at risk, as well as the Food Bank.

In the United States, the subsidiary makes donations to various medical charities: United Way, American Cancer Society, United Cerebral Palsy, the Diabetes Association, American Heart Association, Junior Achievement. In 2013, Pass & Seymour donated equipment to NAIER, an organization specializing in the redistribution of goods to communities.

Please refer to section 5.4.1.4. of this Registration Document for more information on the social initiatives linked to diversity.

5.2.1.2 TRAINING THE GROUP'S ETHICS REPRESENTATIVES AND COMPLIANCE OFFICERS IN HUMAN RIGHTS AND COMBATING CORRUPTION

The fight against corruption and respect for human rights are part of the principles of the Group's Charter of Fundamental Principles, in reference to the Universal Declaration of Human Rights and the Declaration of the International Labor Organization (ILO). This document has been translated into 12 languages, including Chinese and Russian. Since 2009, 60 ethics representatives have been appointed in the Group's different entities. They are local contacts for the dissemination and promotion of the Charter of Fundamental Principles and its supplements.

A Group monitoring and warning procedure has also been in place since 2009: a generic e-mail address was created as a place for employees to send their questions and problems, and training sessions are held regularly, especially for the ethics representatives, to help them identify and manage potentially difficult situations related to ethical issues in their entities. Additional training materials are available, such as guides, to facilitate understanding of the Charter. In 2013, four ethical alerts were sent to the Group by the systems in place. None of these alerts represented a significant risk. The alerts were examined and handled in accordance with Group principles as detailed in the Charter of Fundamental Principles.

Since 2012, the Group's country chief financial officers have been appointed as Compliance Officers. Specific instructions through the Group's intranet and webcasts were addressed to them in order to fully vest them with their role and responsibilities in the deployment of the compliance program and the prevention of corruption in their country.

Since 2011, specific training *via* webcast on the risks of corruption, prepared in collaboration with specialist legal advisers, has been conducted for ethics correspondents, compliance officers, and different departments of the Group (Internal Audit, Legal, Human Resources, Export, Sustainable Development). Communication tools such as guides and presentations were created and made available to ethics representatives and compliance officers to facilitate their work in this area.

Thus, 1,400 executives received specific training on anti-corruption principles. Local initiatives are regularly advertised in the company's in-house magazine so that all Group subsidiaries can be engaged in the fight against corruption and the promotion of ethical conduct.

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

The ethical aspect, together with CSR, is taken into account in the annual performance appraisal of the Group's employees and more specifically in that of country managers. Any breach of Group rules by an employee gives rise to immediate sanctions (disciplinary actions can go even as far as dismissal).

Tools (risk assessment questionnaires, presentations) as well as specific procedures related to gifts, meals and entertainment and business partners were developed and made available to all ethics correspondents and compliance officers.

For example, the business partners of the Group are selected after verifying the compliance of their business practices to the rules of the Group and any collaboration is formalized in a written contract including prevention elements and commitment clauses on the part of the partner to the Group's rules. Any breach of these rules by a partner results in the cancellation or non-renewal of contracts.

There are two focal points in the training of ethics correspondents: the fight against corruption and other training for human rights. Support processes (creation of fact sheets, e-learning, self-assessment questionnaires, operational support, etc.) are implemented and awareness events and training (training programs, webcast, etc.) are organized in these two areas. The calculation of the status of this objective between 2011 and 2013 is based on the completion of the two focal points on both ethical themes.

5.2.1.3 CONTINUING TO TRAIN GROUP STAFF TO COMPLY WITH THE CHARTER OF FUNDAMENTAL PRINCIPLES AND ITS SUPPLEMENT ON COMPETITION

Since 2010, compliance with competition law and good business practices are based on several initiatives:

- creation of a competition charter and a specific guide;
- online training module for Group employees (approximately 2,500 employees were able to participate in online training sessions on competition law);
- specific intervention in Executive Committee and commercial meetings in the various entities;
- inclusion of the subject in the Group's training programs for managers in charge of industry, research and development and marketing;
- more widespread internal communication (in-house magazine, intranet);
- publication of the Good Business Practices guide.

In addition, local initiatives are worth noting. Accordingly, the Group's Chinese entities of have created a welcome booklet containing all of the Group's charters translated into Chinese, which is issued to all new employees.

Since 2006, the Group's internal control program has included an annual assessment of key controls, which are reviewed by the Internal Audit Department. Proper distribution to all employees (including new hires) of the Charter of Fundamental Principles and related charters is a specific part of the key controls, whose effective application is reviewed annually. In 2013, 54 of the Group's subsidiaries were reviewed for this control and it was revealed that the Group charters were distributed properly.

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

In 2013, approximately 400 new management employees received specific training or information on the principles of anti-corruption and 300 employees on competition law, bringing the number of Group employees trained to 2,100. These mainly included Country Directors, new hires, Compliance Officers within the Finance Department, the Group's functional and industrial divisions, and other roles considered vulnerable to these issues, particularly during the deployment of the Group compliance program. This entire process is part of the Group Compliance Committee's priority areas for action (please refer to the introduction to section 5.2 of this Registration Document for more information).

There were three focal points in measuring the achievement of the objective: the development of training programs and awareness, the carrying out of audits in the area of the competition and the implementation of awareness plans related to new acquisitions. The actions taken during fiscal year 2013 and the previous fiscal years enabled us to reach the objective.

5.2.2 - Integrating suppliers into the Group sustainable development process

As part of its Sustainable Development commitments, it is essential for the Group that its partners, including suppliers, are following similar policies.

Group purchases represent nearly 34% of sales for raw materials and components, to which purchases of services and investments have to be added. All of these purchases are made with two major families of suppliers:

- "Group Panel" suppliers, who, as major players in their market and key Legrand partners, support the Group in its international projects. Lead Buyers and Lead Quality Specialists establish a close, privileged and sustainable relationship with them. In 2013, the Group worked with 487 suppliers on the "Group panel" who satisfy multi-site needs and account for around a third of the Group's total purchases;
- local suppliers, who meet the specific needs of a site and are managed locally by operational buyers.

Since 2007, in accordance with Legrand's adherence to the UN Global Compact, the Group Purchasing Department launched an awareness campaign to solicit the signing of the Global Compact by its "Group Panel" suppliers. Since 2009, around 60% of purchases made from this panel have been with suppliers who have signed up to the Global Compact. In 2009, Legrand participated in the development of the "Ten Commitments for Sustainable Purchasing" Charter through the CDAF (*Compagnie des Dirigeants et Acheteurs de France*). This is now known as the "Responsible Supplier Relations Charter", and governs relations between prime contractors and their suppliers.

In early 2010, Legrand was one of the 28 original signatories to this Charter, which currently includes more than 420 signatories.

In order to take into account the customer-supplier relationship balance in the spirit of this Charter, Legrand has revised its General Purchasing Conditions and established a mediation process in case of disputes, notably by appointing an internal mediator.

At the end of 2012, to anchor its commitments to its practices, Legrand applied for the certification of the Charter and was one of the first four French companies to get the "Responsible Supplier Relations" label of approval upon the recommendations of Vigeo, a non-financial rating agency, mandated to verify the proper application of the Charter's commitments. This certification confirms Legrand's commitment to a process of continuous improvement in terms of environmental and societal performances of its suppliers and subcontractors. It should be noted that in late 2013 Vigeo conducted a new audit, renewing its label of approval for Legrand.

In 2013, the assessment revealed that progress had primarily been made in two commitments: promoting sustainable and balanced relationships and integrating supplier environmental performance into the purchasing process; on the strength of these commitments Legrand was promoted from the "commitment initiated"[(1)] in 2012 category to the "consolidated commitment" category[(1)] in 2013. A new commitment was introduced in 2013: preventing corruption, for which Legrand scored in the "consolidated commitment" category. Of the 11 commitments comprising the label, six are consolidated, and none are at the lowest level ("little evidence of commitment"[(1)]).

The inclusion of suppliers in the Group's Sustainable Development policy involves taking into consideration its requirements and aims in the Purchasing Quality Management System and in supplier relationship management tools. Thus, since 2007, the Purchasing Specifications contract document has included Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and laws in force for both environmental and social matters. The document includes the ten Global Compact principles. In 2011, a section dedicated to "social, societal and environmental responsibility of suppliers" was included in supplier agreements.

To go even further, and as part of its purchasing policy updating process, Legrand has defined a sustainable purchasing code including three new rules for supplier selection:

- in agreement with the ILO (International Labor Organization), regardless of the laws of the country, the supplier must never employ children below 15 years of age;
- the supplier should have completed an evaluation of occupational risks associated with its business and implemented the necessary actions to control them;
- the supplier should have completed an evaluation of environmental risks associated with its business and implemented the necessary actions to control them.

All these documents and procedures constituting the QMS (Quality Management System), including the validation and analysis of supplier risks, progressively integrate CSR developments associated with the new purchasing policy. The sustainable purchasing code, as well as its three rules of supplier selection, is applicable to all Group entities.

In terms of monitoring, all Group suppliers are listed in a purchasing reporting system, which is centralized in the Group Purchasing Department. This reporting makes it possible to have not only a consolidated view of purchase amounts per supplier, whether it is a local supplier or it supplies to several Group sites, but also a view per purchasing family.

(1) Vigeo's assessment system uses 4-point scale, from "little evidence of commitment", "commitment initiated", "consolidated commitment", and "advanced commitment".

The process of incorporating suppliers into Legrand's Sustainable Development commitments is structured around three targets:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Extending evaluation of suppliers based on Sustainable Development criteria	Integration of CSR criteria into the approval and risk analysis procedure Profiling of vulnerable suppliers Definition of buyer decision grid	100%
Continuing to train Group buyers in responsible purchasing	Deployment of awareness-raising/training events	100%
Formally informing suppliers and subcontractors of the Group's expectations concerning the development of High Environmental Performance products	Deployment of RoHS*, REACh** and PEP*** processes	100%

*	*RoHS: Restriction of Hazardous Substances directive.*

**	*REACh: Registration, Evaluation, Authorization and restriction of Chemicals.*

***	*PEP: Product Environmental Profile.*

A sustainable purchasing coordinator within the Group Purchasing Department is responsible for the monitoring and implementation of these targets. In 2012, three sustainable purchasing officers were nominated in Brazil, Russia and China to improve the coordination of international actions. The sustainable purchasing correspondent in a subsidiary is responsible for ensuring the implementation of sustainable purchasing rules for local suppliers. He also provides support to Group leader buyers to evaluate the implementation of sustainable purchasing rules of Group suppliers in their country.

5.2.2.1 EXTENDING EVALUATION OF SUPPLIERS BASED ON SUSTAINABLE DEVELOPMENT CRITERIA

In its new purchasing policy, the Group Purchasing Department agrees to list suppliers not only based on their know-how, competitiveness, innovation capability and compliance with the Group's quality requirements, but also based on compliance with the Group's sustainable development commitments.

Suppliers are assessed on their Sustainable Development criteria by gradually integrating CSR concepts into two major processes: approval of new suppliers and risk analysis carried out annually on existing suppliers.

It should be noted that the commitments undertaken by the Group as part of its Sustainable Development roadmap involve a best effort obligation.

Assessing new suppliers on CSR aspects as part of the approval process

In 2008, a Sustainable Development questionnaire was included in the supplier assessment procedure. The questionnaire is used to help assess the maturity of the suppliers involved in terms of Sustainable Development, during site visits conducted by buyers and purchasing quality representatives. It includes 28 questions addressing the supplier's social, workplace health and safety and environmental commitments. Lead buyers and lead quality specialists are the main parties involved in this analysis.

In addition, this document was the basis for the establishment of a segment survey that was presented to the profession in February 2011 as part of the work of the Sustainable Purchasing group on the professional union GIMELEC of which Legrand is a member.

In 2012, in order to target the criteria for priority evaluation among suppliers, the approval procedure was revised to incorporate sustainable purchasing rules from the Group sustainable purchasing code. For example, particular attention was paid to the points in the Sustainable Development questionnaire relating to child labor and environmental and occupational risk control related to the supplier's activity. A question on the control of tier two suppliers was added, especially in subcontracting activities for operations exposed to an environmental risk, such as surface treatment. The audit procedure was revised on the same principle.

The integration of the environmental performance of suppliers and subcontractors within the purchasing process is one of six binding commitments under review to retain the responsible supplier relationship accreditation that Legrand obtained in 2012. In 2013, this was raised from the "commitment initiated" category to the "consolidated commitment" category following the assessment by Vigeo.

Assessing CSR risks in existing suppliers

Since 2009, a supplier risk analysis campaign has been carried out each year for existing suppliers. New suppliers systematically undergo analysis prior to approval. Supplier risks are measured based on the accumulation and weighting of a certain number of criteria: purchasing group (mainly to target groups with the highest environmental risk), countries (including the Transparency International classification), single-source, mutual economic dependency, etc. CSR risks are treated in a way as to alert the buyers concerned. For example, some purchasing groups, such as the subcontracting of surface treatment or painting, which are exposed to a particular environmental risk, are identified and weighted more heavily. However, the supplier's acceptance of the Global Compact is a mitigating factor for CSR risk. Risk criteria are reviewed annually. For 2013, the following events are worth mentioning:

- France: in accordance with the Group's progress plan defined under the responsible supplier relations label, a special effort was made to identify French suppliers for whom Legrand represents a significant volume of business (at least 30% of the supplier's sales). These cases of "supplier dependency" are recognized by *Médiation Inter-entreprises* as business-critical and Legrand has volunteered to work on these aspects with *Médiation*;
- Asia: a pilot project was undertaken by one of the Group's Chinese entities to test the rules of the sustainable purchasing code before applying them to other entities in China. Action plans are in the process of being deployed.

Since July 2013, critical action plans for suppliers identified as being at risk have been monitored monthly by the Purchasing Department's Executive Committee.

In addition, through its subsidiary Legrand North America (LNA), Legrand is actively committed to building a supply chain that avoids conflict zones in Africa. For example, LNA has pledged to source components and materials through businesses that share its values of respect for human rights, integrity and environmental responsibility.

LNA is committed to respecting the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and the applicable requirements of section 1502 of the "Dodd-Frank Act", which seeks to prevent the use of minerals that directly or indirectly finance armed groups in the Democratic Republic of Congo or in neighboring countries ("conflict minerals").

LNA requires its suppliers to pledge to be or become "conflict free" (which means that this type of supplier does not source minerals from conflict zones) and to use only guaranteed "conflict free" foundries wherever possible. LNA requires each supplier to issue comprehensive statements based on the EICC-GeSI format by highlighting the commitment of the supplier concerned to become "conflict free" and to learn about the country of origin of the tin, tantalum, tungsten and gold it buys.

Extending the scope of application

The same risk assessment grid is used by buyers all over the world, and the number of countries conducting supplier risk analysis has thus increased from 18 to 24 since 2009. The associated action plans are monitored at the Group Purchasing Department level in a common database. The sustainable purchasing code points out that new suppliers must be approved according to the procedure laid down in the purchasing QMS or a procedure in line with the latter for sites that are not yet in the ISO 9001 certificate of the Group Purchasing Department. The alignment of approval procedures in Colombia, China and Russia is therefore under way.

5.2.2.2 CONTINUING TO TRAIN GROUP BUYERS IN RESPONSIBLE PURCHASING

Supplier relation actors, including buyers and purchasing quality representatives, are regularly involved in the Group's Sustainable Development policy, either through general awareness-raising efforts (Group strategy, education about audits or rating agencies, etc.), or through operational training, particularly with regard to High Environmental Performance products (Product Environmental Profiles, substance management, etc.). In its purchasing policy, the Group Purchasing Department has made a commitment to promote accountability and to develop the skills of all actors in the purchasing division.

Since 2011, a special section on sustainable development has been included in a training module on the fundamental principles of purchasing for all Group buyers. This section lists the Group's commitments as well as the main principles of the UN Global Compact and the role of buyers in the sustainable purchasing process with a special focus on business ethics. Since 2011, over 80 buyers have been trained in some 15 countries across the Group, including China, Brazil, Mexico, France, Hungary, Egypt, Russia and others. This module is used in particular for the initial training of new buyers.

In 2012, a total of 135 people, *i.e.* more than 90% of the purchasing employees in Europe and around twenty quality professional users attended a training course dedicated to Legrand sustainable purchasing. The elements of this training, the sustainable purchasing code and the ethical purchasing code were incorporated into training on the fundamental principles of purchasing when this was updated in 2013 prior to being rolled out worldwide.

At the same time, specific training is given on the ethical purchasing code as part of the Group's compliance program. It recalls in particular the rules of behavior that must be followed in the context of relations with suppliers. In 2013, this training was given to all members of the Group Purchasing Management

Committee as well as lead buyers of materials and components, project buyers and operational purchasing managers in France, or 28 people in all.

In 2013, under the last roadmap objective (described in section 5.2.2.3), lead and project buyers of finished products, electronics and components received specific information on the REACh and RoHS regulations and on PEPs, recalling the commitments of the Group and advising them of the internal tools developed, especially for finished products most vulnerable to the presence of the substances specifically targeted by the RoHS and REACh regulations.

Professionalization of the purchasing function and process is one of the four qualifying criteria for obtaining the responsibles Supplier Relations label of approval. Since 2012, Vigeo has scored Legrand in the "consolidated commitment" category for this issue, both at the policy and associated deployment level.

Purchasing teams can access the training elements for responsible purchasing on a space dedicated to the Group sustainable purchasing process on the Group Purchasing Department intranet.

5.2.2.3 FORMALLY INFORMING SUPPLIERS AND SUBCONTRACTORS OF THE GROUP'S EXPECTATIONS CONCERNING THE DEVELOPMENT OF HIGH ENVIRONMENTAL PERFORMANCE (HEP) PRODUCTS

One of Legrand's commitments is to include High Environmental Performance levers in the development and marketing of its products. This development occurs in compliance with the requirements of the RoHS Directive and the exclusion of REACh regulation substances and subject to the availability of the information necessary for the making of PEPs.

As part of its purchasing policy, the Group Purchasing Department has set itself the ambition of becoming the partner of choice for its internal customers, promptly supplying them with economical, reliable and innovative purchasing solutions, including in terms of eco-design. In 2013, during the interface reviews between the Group Purchasing Department and industrial divisions, a specific item was dedicated to mutual expectations in terms of hazardous substances and PEPs. Following these meetings, the Purchasing Quality Management System (QMS) launched updates to certain development procedures, involving a greater focus on the materials and finished products that are most exposed to the presence of hazardous substances.

As far as suppliers are concerned, the formalization of the Group's expectations for HEP product development implies not only the adaptation of quality processes but also partnership actions.

Formalizing the Group's expectations in purchasing processes

In 2012, notably following the auditors' recommendations during monitoring of the ISO 9001 certification of the Group Purchasing Department, questions relating to substances and the eco-design capability of suppliers were further developed in the supplier evaluation questionnaire.

Thus the REACh Regulation and RoHS Directive are specifically mentioned and suppliers must, for example, declare the presence of the six RoHS Directive substances in the products they deliver to the Group. In translation of the Group's commitment, one of the four rules of the sustainable purchasing code established in 2012, focuses on compliance with the restrictions on use of substances laid down by the RoHS Directive, which thus becomes a priority target for Group buyers.

Supporting suppliers

Since 2008, in response to substances regulations such as REACh, suppliers of raw materials, in particular, of plastics, are asked to send Legrand their Material Safety Data Sheets (MSDS) *via* a generic e-mail address. Since 2011, a panel of central materials laboratory experts has joined buyers to identify the types of materials and items purchased with a high probability of containing REACh substances and conduct constructive consultations with the appropriate suppliers as a priority. To comply with this regulation, a "REACh process" was put in place. For more information on this process, please refer to paragraph 5.3.1.2.

In 2011, a questionnaire for collecting data from suppliers was established to enable the production of PEPs. In addition to technical questions for the suppliers, the process plans to place a Legrand eco-design specialist at their disposal, who can explain the Group PEP process and help them to complete the questionnaire. In 2012, one of the three industrial Divisions of the Group conducted a test among five suppliers. Initial results at the end of 2012 from the collaborative work on the process between the buyer, the Legrand eco-design specialist and his counterpart from the supplier are encouraging. Legrand's suppliers acknowledged and appreciated its support. In 2013, the questionnaire was simplified and the work begun in 2012 continued with other suppliers. This work led to the publication of PEPs, for among other products the Group's VDI cable offering.

05

5.3 - ENVIRONMENT: 2013 POLICY AND RESULTS

In both the production and development of its products, Legrand favors materials and processes that respect both people and the environment. Through this approach, the Group aims to reduce the impact of its operations on the ecosystem, while at the same time enhancing business performance and the appeal of its products and services.

To carry out this process successfully, Legrand encourages grassroots action on its production and R&D sites, under the responsibility of the Group Industrial Divisions. At the same time, the Group Environment Department manages the Group's policy from within the Strategy and Development Division and contributes to environmental reporting by providing data analysis.

A total of more than 130 people worldwide work with each of the three environmental managers in the Industrial Divisions and the Group Environment team.

For example, the environmental representatives on the production sites are used to ensure the implementation of the Group's environmental policy. They are responsible in particular for implementing environmental diagnostics. Within the framework of Legrand's operational organization, they also help implement improvement plans, in most cases as part of an Environmental Management System (EMS).

A total of 87 sites – i.e. all industrial sites as well as the major administrative and logistics sites – contribute to Group environmental reporting by producing about 50 indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions, waste production, and environmental action initiatives and investments. References available in English and in several local languages provide support for the policy.

A selection of the data from this reporting is presented in section 5.3.4.

Moreover, employees' awareness of environmental issues is raised in a number of ways:

- training: in total, Group employees received more than 18,700 hours of training on the environment in 2013, representing an increase of 10% over 2012. This increase shows the importance attached to the environment in the Group's training policy;
- dedicated events: Sustainable Development Week, newsletters and brochures distributed to all sites, Sustainable Development Forum held at Legrand headquarters in Limoges.

Lastly, in terms of financial resources, the Group offers its subsidiaries the opportunity to present specific return on investment durations (normally longer than the durations required for other investment plans) for investment plans dedicated to improving the environmental performance on the corresponding sites. Where applicable, site renovations enable a general upgrade of the building in a quest for energy optimization.

5.3.1 - Developing products with High Environmental Performance

For Legrand, designing and manufacturing products with High Environmental Performance means taking action on different elements: control of substances, recyclability, controlling the environmental impact of the Group's manufacturing processes, eco-design, and supplying customers with information on the environmental impact of products.

The 2011-2013 Group roadmap builds on these key elements. Legrand is committed to incorporating the key elements of High Environmental Performance Products in the development and marketing of its offerings through the achievement of four targets:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Complying with the requirements of RoHS regulations beyond the strict scope of their application for all Group products	Percentage of sales conforming to RoHS within the defined scope	100%
Excluding the use of REACh "candidate list" substances for future product developments whenever an alternative, technically and economically viable solution exists	Percentage of consultants involved in the REACh process within the defined scope	100%
Making Product Environmental Profiles (PEPs) available internationally and to all parties involved in the building sector	Part of sales covered by PEPs* within the defined scope	88%
Increasing the proportion of eco-designed products in the Group's offer which present reduced environmental impact in a multi-criteria lifecycle analysis	Growth in sales covered by eco-designed products within the defined scope	100%

* *Product Environmental Profiles.*

5.3.1.1 COMPLYING WITH THE REQUIREMENTS OF ROHS REGULATIONS BEYOND THE STRICT SCOPE OF THEIR APPLICATION FOR ALL GROUP PRODUCTS

The Group complies with all restrictions on the use of hazardous substances, in particular the EU's RoHS Directive. Today, this affects a very limited part of the Group's product offering. Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not. The Group has renewed this goal by integrating it within its sustainable development roadmap and by targeting 80% of products guaranteed to comply with restrictions on hazardous substances under the RoHS Directive by the end of 2013; in fact the figure of 90% had been reached by the end of 2013.

As a result, all welding on products sold in Europe have been lead-free since 2007. The use of lead-free PVC (mainly in the manufacture of cable management profiles) was extended throughout the Group from 2009.

This approach is gradually being extended to the Group's products designed and produced outside of Europe for markets outside of Europe; *e.g.*, the Group's US subsidiaries conducted a diagnostic of their offering in 2011 and 2012 to identify and limit substances that figure in the European RoHS Directive. This approach continued in 2013 to define the necessary changes for the industrial processes concerned. In 2013, the Brazilian sites of Campo Largo and Manaus, and the Chinese sites in Beijing, Huizhou, Shenzhen and Wuxi, developing new home systems and devices, implemented the rules defined by the Group. Since the end of 2013, all products tested have complied with restrictions on hazardous substances under the RoHS Directive.

5.3.1.2 EXCLUDING THE USE OF REACH "CANDIDATE LIST" SUBSTANCES FOR FUTURE PRODUCT DEVELOPMENTS WHENEVER AN ALTERNATIVE, TECHNICALLY AND ECONOMICALLY VIABLE SOLUTION EXISTS

Since 2008, Legrand has been actively involved in the application of European REACh regulations, in particular by facilitating the transmission of data on the relevant substances in the economic chain (upstream and downstream):

- collection of data from strategic suppliers *via* their Material Safety Data Sheets, the key components of REACh provisions for the transmission of product information. The management of Material Safety Data Sheets is being brought into line with REACh at all Group entities;
- provision to the Group's European customer service departments, for all brands, of a customer response system connected to the Group's intranet site. This ensures transmission of the most up-to-date information;
- a full page dedicated to REACh posted on the Legrand website for the use of all stakeholders.

Beyond regulatory requirements, Legrand has undertaken to remove, in all future product development, substances included in the REACh "candidate list" whenever a technically and economically viable alternative is available. Accordingly, the Group has set itself the target of increasing the percentage of R&D teams involved in its REACh process to 80% by the end of 2013.

Achieving this goal requires the early use of the restrictions put in place by REACh starting with the design of new products. For example, plasticizers used for the production of flexible PVC are subject to demanding restrictions starting with the design of products that include this material. None of the phthalates included among the 151 substances listed by REACh at end 2013 is therefore used by Legrand for its European production.

To strengthen and sustain this proactive policy, a REACh expert committee consisting of Group materials and process experts and supported by the purchasing organization was created in 2011. Upon the publication of lists of candidate substances, its role is to focus on promoting alternative product design solutions to R&D teams and defining their manufacturing process.

In 2013, the Legrand approach was applied to a broader geographical scope, extending beyond European production and covering all substances listed at the end of December 2012. Following investigation, potential substitutes emerged for imported items, which have since been integrated into some of the Group's commercial offers. Discussions have already begun on the subject with the manufacturers concerned, who tend to be based outside Europe. In addition, as it has done for the RoHS Directive, the Group has established a process for reference identification of some of the products that contain REACh "candidate list" substances. At the end of 2013, 83% of Group Research and Development teams had implemented this process, which confirms the full achievement of this objective.

5.3.1.3 MAKING PRODUCT ENVIRONMENTAL PROFILES (PEPS) AVAILABLE INTERNATIONALLY AND TO ALL PARTIES INVOLVED IN THE BUILDING SECTOR

Since the early 2000s, Legrand has been interested in LCA (Life Cycle Analysis) techniques to calculate the environmental impacts of its products scientifically and provide factual information that goes beyond preconceptions. It is from these LCA results that Legrand built the Product Environmental Profile (PEP) for its products and, more importantly, improved their environmental performance.

This process is primarily carried out by optimizing the materials content of products designed by the Group's R&D teams (selecting better performing and/or less harmful materials, optimizing the engineering design, etc.), which helps to limit the use of raw material resources.

However, Legrand favors an approach that includes other industrial partners, as it believes this to be the most appropriate approach to provide objective information about the process. As a result, in the early 2000s Legrand, in association with other players in the electrical industry and in partnership with LCA experts, developed calculation software based on the ISO 14040 series of standards. This EIME (Environmental Improvement Made Easy) software is now the basic tool for the LCA calculation of Legrand products.

In addition, Legrand is a leading member of the PEP Ecopassport association, which it currently chairs. This association was launched in France in 2010, and it has established and developed a type III environmental declaration program that complies with the requirements of the environmental standards on LCA and of the ISO 14025 environmental standard, which governs environmental communication.

This program was developed by the electrical industry in France and strictly regulates the LCA process and the environmental information it provides: a review of the materials selected, information on hazardous substances when present, environmental impacts on air, water and natural resources from the calculation of 11 indicators. All phases of product life are taken into account, from the extraction of raw materials needed for manufacturing to the end of product life, as well as the production, distribution, implementation and product use stages.

By offering all of these environmental data in a single document, the PEP provides the economic chain with serious and reliable information that allows a technical choice to be made while also acknowledging the environmental dimension.

The PEP and PEP ecopassport program have been recognized by the Grenelle Environment Forum in France and are becoming more widely available and used internationally.

The PEP ecopassport program resonates favorably with the PEF "Product Environmental Footprint" project of the European Commission (EC). This project aims to impose LCA as the benchmark tool for environmental communication on products. During the pilot phase of the project, which began in November 2013 for a period of three years, the EC intends to demonstrate that its methodological guide can be used to develop LCA rules specific to a particular product group. The EC also intends to establish that these rules can be used to build a relevant and comparative database enlightening customers about the environmental properties of products. At the end of 2013, the EC issued a call for volunteers to implement the pilot phase of the PEF project in different product groups. The European uninterruptible power supply (UPS) sector filed a report with the PEP ecopassport association, which was one of 14 chosen from the 90 covering a wide range of business sectors (textiles, paint, household detergents, insulation materials, etc.). The UPS sector is represented by Legrand and other international manufacturers who cover 80% of the market, as well as the European industry association CEMEP. During this pilot phase, the PEP ecopassport program aims to be recognized by the European authorities as the benchmark program in its sector, offering a fair compromise between methodological rigor and feasibility at an acceptable cost for the industry.

Legrand has filed more than 600 PEPs in the official database of the PEP ecopassport program. These documents can be accessed on the websites of the Group's various brands or upon request from customer service departments. For example, 5,000 downloads of these documents were recorded on Legrand's French website in 2013, an increase of nearly 25% compared with 2012, underlining the growing interest in PEPs within the sector.

Thanks to the efforts of its R&D teams, at the end of 2013, 47% of Group sales were generated by products covered by PEPs (versus 37% at the end of 2012). This result is close to the ambitious target of 50% by the end of 2013 that the Group set itself at the start of 2010. The Group will consolidate this target by increasing its PEP sales in the next CSR roadmap.

In 2013, around 130 new PEPs were produced for all types of products sold by the Group worldwide. For example: ground fault circuit interrupter (GFCI) and "wallboxes" sold by Pass &

Seymour; the "High Power Busbar SCP System" manufactured by Zucchini for the European market; even sockets and switches in the Legrand Chinese range "Yi xiang".

PEPs are an information tool for the recycling sector (potential for recycling and recovery, location of substances, etc.) and facilitate the end-of-life processing of Legrand products in anticipation of changes to the European WEEE Directive. Indeed Legrand is currently working on the recovery and recycling of its products in this very area. Historically, the Group is a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries).

The WEEE Directive has structured and regulated such initiatives in Europe. Under its leadership, eco-organizations have established collecting points for products marketed to households. To respond to the new obligations, Legrand has joined up with organizations operating collection systems in association with local authorities and DIY outlets, to recycle and process waste.

Since 2010, recycling processes adapted to the construction industry, such as the "WEEE pro" process in France with the eco-organization Recylum, have been commissioned. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sales forces are trained to promote membership of the Recylum network among their customers. Currently, approximately 1,800 partners have joined the Recylum network in France. All are equipped with special containers to collect end-of life products. About 60% of these partners are wholesalers, and the remainder installers or specialized landfills.

The above-mentioned pioneering industry sector of self-contained emergency lighting units has already created market habits that now benefit the collective WEEE sector. Similar initiatives have been implemented in European countries affected by the directive.

In 2013, Legrand took part in a one-day event organized by the eco-organization Recylum, on good practices in eco-design with a view to recycling. This conference involved representatives of the electrical, medical and climate engineering industries, of end-of-life product disposal organizations, and of ADEME (French Environment and Energy Management Agency). At the end of the day, directions were set for 2014 and beyond, in order to materially identify, according to the state of the art in the recycling sector, the product constituent elements which should be included from the design phase in order to favor a high degree of recyclability. The Legrand Group already displays this information on its PEPs, with reference to data taken from existing industrial processes. The proceedings of the *ad hoc* working group, led by Recylum, will enable Legrand to enhance and keep permanently up-to-date the reference standard used to calculate the recyclability rates of its products. This work will also enable industrial manufacturers to be involved early on in setting future WEEE eco-tax rates and determining a *bonus/malus* scheme according to eco-design criteria.

5.3.1.4 INCREASING THE PROPORTION OF ECO-DESIGNED PRODUCTS IN THE GROUP'S OFFER WHICH PRESENT REDUCED ENVIRONMENTAL IMPACT IN A MULTI-CRITERIA LIFECYCLE ANALYSIS

An eco-designed product is a product, which on the basis of multi-criteria indicators has a reduced environmental impact over the whole of its lifecycle (according to the methodology in the ISO 14040 standard). The comparison refers to the older generation of the product or a targeted competitor's product, or even the industry standard product (as established by a trade association or a standard such as NF, BAES, etc.).

The LCA (Lifecycle Analysis) techniques which allow the PEP to be established are a powerful eco-design tool for products. Accordingly, in the design and industrialization phases, environmental impact analysis generally leads to optimization of common technical solutions.

In the end, only the most carefully developed products from an environmental perspective can claim the title of "eco-designed", thus providing a constant challenge for Legrand R&D teams. The percentage of sales generated by these eco-designed products is taken into account to determine the progress of the roadmap target, 20% of sales derived from eco-designed products represent full achievement of the objective.

Under the PEP ecopassport program, Legrand classifies products into three categories:

- enclosures (cable management, industrial cabinets, etc.) which do not consume energy during use. The choice of materials is paramount in reducing the environmental impact: priority is given to reducing volumes and to selecting the most environmentally friendly materials;
- active products (*e.g.* emergency lighting units) which consume energy during use: it is during this stage that the environmental impact is at its highest, therefore the main focus is on reducing consumption;
- finally, passive products, which do not consume electricity themselves but marginally dissipate electrical energy (switches, protection devices, etc.): these constitute an intermediate category where the balance between material content and electricity dissipation is particularly sensitive.

Some examples of eco-designed products launched by Legrand in 2013:

- EDM transformers: the reduction of the power dissipation in the product resulted in a decrease in environmental impacts of nearly 30% compared with the previous generation of products. The PEP ecopassport® issued for this series provides details of these environmental impacts. Moreover, with this new design the transformer generates less noise, thereby reducing noise pollution;
- TX3 circuit breakers: the use of thermoplastic instead of thermosetting resin improves product recyclability. At the same time, improvements in product component design have led to a reduction in their manufacturing impacts;
- new ERDF connection plate: with extra functions, this new, more compact, version also reduces packaging volumes. In addition, because it has fewer parts, end-of-life disassembly will be easier;
- "KALANK CS" recessed lights for drywall: the use of more efficient components with 40% less energy consumption and the new compact aluminum shell design made from 50% recycled aluminum have resulted in a more compact product which is easier to recycle. Overall, the environmental footprint has been reduced by around 40% for nearly all environmental indicators.

In 2013, Legrand trained the R&D teams of Metasystem (UPS) in Italy and Alpes Technologies in France, as well as two new R&D teams in China, on LCA techniques and how to draft PEPs. As a result, the percentage of Legrand teams that have received training has risen to 80%, compared with 74% in 2012. It further underlines the Group's efforts to deploy its development strategy for High Environmental Performance products, enabling it to achieve its training target for its R&D centers by the end of 2013.

The eco-design policy also applies to packaging. It enables the ratio of packaging volume to product volume to be lowered. For instance, 'Packaging' experts have defined best practices, which are implemented by all R&D teams, such as: using cardboard containing a high percentage of recycled material, printing with water-based inks, using acrylic adhesives which emit less VOCs, etc. In 2013, a new cardboard packaging concept was introduced for Batibox wiring device mounting frames. It allows a 40% reduction in environmental impact measured by the GHG emissions indicator. Overall, 12.5 tons of CO_2 equivalent have been avoided for this product alone.

5.3.2 - Limiting the impact of the Group's business activities on the environment

The Group deploys its environmental policy on its sites in conjunction with ISO 14001 certification, which has resulted in setting up an EMS (Environment Management System), with two main consequences:

- the determination of the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and more general environmental risks;
- setting up a continual improvement process, often symbolized by the DEMING wheel (Plan-Do-Check-Act). In this initiative, the impact on the environment is reduced by local versions of actions which have proven their effectiveness in the Group pilot entities. For example, improved energetic efficiency in compressed air circuits, reduced water consumption in industrial cooling systems, reducing waste production at source and setting up recovery channels.

A positive impact of 2% a year is expected from reductions in the Group's energy and water consumption at the current scope of consolidation, which more than offsets the scope effects of the Group's continuing industrial expansion under its external growth policy.

Legrand has chosen to use its active contribution to the sector guide on CSR published by the GIMELEC (trade association) to describe the distinctive features of its business, as relating to a number of other potential environmental impacts from its activities:

- use of soils and protection of biodiversity: Legrand's activities have no impact on the soil or biodiversity. Moreover, the vast majority of the Group's production sites are located inside business or industrial zones which are subject to specific regulations. Lastly, the manufacturing nature of the Group's business means that sites can be designed using storeys, thus limiting the impact on the ground;
- noise pollution: as a manufacturing industry, noise pollution is restricted to the noise from machinery inside the buildings;
- adaptation to climate change: the Group's sites face no specific threats from the consequences of climate change. To the contrary, a number of the Group's product offers incorporate

solutions which limit emissions of greenhouse gases, which cause climate change (energy efficiency solutions, products which use renewable energies, etc.). For more information on promoting energy efficiency, please refer to section 5.3.3.

The Group is committed to improving the environmental performance of its sites and logistical flows through the achievement of three targets, as part of its 2011-2013 roadmap:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Recomputing the Group's carbon footprint. Using it to determine new areas for improvement for the Legrand Climact project, which take into account the Group's growth targets	Use of the GHG protocol methodology Identification and implementation of improvement plans	100%
Systematically obtaining ISO 14001 certification for the Group's industrial sites, in particular new sites	Maintaining the certification rate	100%
Limiting water consumption and waste production by applying the best practices and environmental techniques at the Group to industrial sites joining Legrand	Reducing water consumption Maintaining the waste recycling rate	100%

5.3.2.1 DETERMINING A NEW WAY TO CALCULATE THE GROUP'S CARBON FOOTPRINT AS PART OF A 2011-2012 PROJECT USING THE INTERNATIONAL GHG PROTOCOL METHODOLOGY

In order to improve knowledge of the GHG (greenhouse gas) emissions that are directly or indirectly connected to its activities, and to identify levers for action that are most relevant to making the "Legrand Clim'act" initiative more dynamic, in 2010 Legrand launched a Carbon Footprint project. This project was rolled out in 2011 with the aim of estimating the GHG emissions connected to all of the Group's activities worldwide using the GHG Protocol methodology. Amendments were made to the methodology in 2012 which were adopted in 2013. The aim of the Sustainable Development roadmap is to build on these aspects. Its success is measured based on the progress of the process put in place, from defining the methodology to preparing the action plans to reduce GHG emissions.

Every year, Legrand contributes to the Carbon Disclosure Project (CDP), a non-profit organization whose objective is to measure, publish and share environmental information, and which provides a framework for actions to fight global warming. Legrand scored 81B in 2013, compared with 68D in 2012. This 19% increase reflects the Group's efforts at transparency, as well as its solid performance in reducing CO_2 emissions. In 2013, Legrand was also recognized for the quality of its analysis of greenhouse gas emissions (Scope 3) by the EIO (Environmental Investment Organisation). This organization publishes several rankings (Environmental Tracking Carbon Rankings) of global companies according to various criteria related to their greenhouse gas emissions and their communication on the subject. With ten analysis criteria used to detail the origin of its scope 3 emissions, Legrand came third in the "ET Scope 3 Disclosure" category, reflecting the extensive work done by the teams in charge of these assessments.

The methodological approach of the Carbon Footprint project isolates scope 1 and 2 emissions, i.e., CO_2 emissions directly related to the Group's activities, from indirect scope 3 emissions, which correspond to greenhouse gas emissions generated by other players as a result of the Group's activities.

More precisely, a distinction is made between:

- scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used mainly for heating buildings, and to a lesser degree for some industrial processes. Consumption by company cars, which are used overwhelmingly by sales forces in the various countries where the Group operates, is also taken into account. Finally, the contribution of refrigerant leakage was evaluated and taken into account;
- scope 2 emissions: these are indirect greenhouse gas emissions related to electricity consumption, mainly for industrial processes and marginally for heating and lighting buildings. The specific carbon content of electricity in each country was taken into account.

In all, the scope 1 and 2 emissions correspond to 188,000 metric tons of CO_2 equivalent in 2013, as against 177,000 metric tons of CO_2 equivalent in 2012. The methodological amendments to improve the evaluation of the GHG emissions resulting from the combustion of natural gas, and the acknowledgment of complementary marginal energy consumption (geothermal heating and/or urban network heating), have been pursued during 2013. The increase of scope 1 and 2 emissions does correspond to those methodological amendments and to a unfavorable carbon mix effect related to the origins of consumed energies. Indeed, even if the Group's energy consumption is globally decreasing considering the Group's reporting scope, CO_2 equivalent shows an unfavorable trend coming from the decrease of French electricity consumption, which is significantly low in CO_2 equivalent impact.

The following items were evaluated for scope 3 emissions (ranked in decreasing order of emissions percentage): raw materials (48,3%), purchased goods and services (27,9%), logistics (14,5%), product end-of-life (3,7%), capital expenditure (2,5%), home-work travel (1,7%), upstream losses for production and transportation of fuels and downstream losses for electricity, business travel and waste (< 2%).

In 2013, scope 3 emissions totaled 1,671 million metric tons of CO_2 equivalent and are therefore significantly higher than scope 1 and 2 emissions.

The results of the full calculation confirm that, as a materials processing and assembly company, the Group does not have a high carbon intensity. Analysis of the contributing factors shows that, in descending order, the items related to raw materials, goods and services purchased, logistics and industrial site consumption are the main causes, directly or indirectly, of greenhouse gases.

This conclusion confirms the three priorities for action by the Legrand Clim'act initiative: eco-design, optimization of logistics flows and the limitation of energy consumption on Group sites.

This methodological work continued with the integration of energy consumption into monitoring of the Group's industrial performance. The industrial sites currently integrate, on a six-monthly basis, all their energy consumption indicators into their global performance management dashboards which are presented to their division.

Energy consumption on the Group's sites

As part of the Carbon Footprint initiative, a Group energy consumption inventory is conducted every year.

For 2013, the energy consumption of the Group's sites totaled 472 GWh against 479 GWh in 2012, a decrease of 1,5% on a like-for-like basis, which is, considering the integration of 6 industrial sites against 2012 (in India, in the Netherlands, in the USA and in Turkey), consistant with the targeted reduction of Group's energy consumption.

The Group systematically incorporates energy efficiency measures when constructing, refurbishing and maintaining its premises. It keeps track of best available techniques and is committed to replacing obsolete equipment with less energy-intensive processes (free cooling, electric injection molding machine, energy-efficient motors, etc.). In 2013, for example, part of the company's headquarters was equipped with a double-flow CMV, while more efficient glazing units were installed at several sites in the Limousin region with the aim of improving building insulation.

Energy-efficient solutions developed by the Group are also installed at its industrial and commercial sites. For example:

- the Legrand energy manager pinpoints the source of energy consumption and reduces energy-intensive processes; this product has been installed at the Sitel site in France and at the Wuxi site in China. In 2013, it received a French Business Award for the Environment in the Technological Innovation category;
- Legrand's time-saving cable and lighting management solutions mean that lights are turned on only when there is insufficient daylight;
- the Saint-Marcellin and Lagord sites in France and the headquarters in Limoges replaced their lighting systems with optimized lighting and management systems.

In 2012, photovoltaic panels were installed at the Group's headquarters, with 95 modules for a total surface area of 150 sq. m. (21.5 kWc), producing the equivalent electricity (excluding heating) for six French homes. Since 2012, the Group has partially replaced its fleet of company vehicles in France with electric vehicles. Charging stations have been installed in car parks at its headquarters and at several industrial sites. These stations are used for cross-site shuttles and travel within the local area. In 2013, they will be available for the Group's employees who own or lease electric vehicles, providing them with a parking space and access to free charging. This will eventually be extended to around 20 French sites. These actions are in line with the Group's commitment to support sectors offering innovative, eco-friendly solutions. As well as the solutions sold and installed in the Group's own buildings, Legrand also wishes to facilitate access to these solutions for its employees.

In 2013, external energy audits were carried out at two French sites: the Limoges headquarters and premises in Bagnolet, representing more than 54,000 sq.m. The aim was to assess the energy status of these sites, identify where work should be prioritized to save energy, and draw up an action plan to be implemented during the coming years.

Other initiatives enable the Group to emphasize its commitment in these areas. For example, Legrand North America was recognized in 2013 by the US Department of Energy (DOE) at the World Energy Engineering Congress (WEEC) for its leadership and achievements under the White House energy initiative "Better Building, Better Plants". In the "Partner Challenge", Legrand North America pledged in 2012 to achieve ambitious goals in terms of energy management and reporting. This initiative aims to create jobs in the United States by encouraging the renovation and energy upgrading of office buildings and industrial sites.

As a Challenge Partner, Legrand North America has embarked on a series of high-impact actions, including:

- reducing energy consumption in its buildings by 25% over ten years;
- reducing energy consumption at a test site by 10% in just two years;
- the deployment of "market innovation" to achieve the energy efficiency targets more quickly;
- regular progress reports on achievement of goals and lessons learned in the deployment of innovation and energy efficiency solutions.

In 2012, 14 of Legrand North America's administrative, industrial and logistics sites were fitted with sub-meters. This program makes possible the instant measurement of energy consumption, identification of potential savings through management of lighting and other equipment connected to the network and the identification of improvements to the facility to further improve its energy performance. In 2013, 144 solar panels were installed at the Pass & Seymour site in the US. These panels will produce around 40,000 kWh annually. This will reduce greenhouse gas emissions from the site by around 700 metric tons of CO_2 equivalent and save around $40,000 on energy bills during their estimated lifetime of 25 years.

Lastly, Legrand North America set up "sustainability happenings" in 2012. These action days, which are organized as inter-site competitions with group prizes going to local charities, have encouraged employees to analyze their work space and to reduce their electricity consumption through voluntary individual actions.

Energy consumption related to Group logistics flows

Despite the on-going efforts during 2013 to optimize logistic flows, CO_2 emissions related to products transportation increased by 15,9% at current perimeter. This evolution is mainly explained by a higher usage of air fret, in comparison to the very low level noted during 2012.

In addition, as part of its "lean manufacturing" initiative, the Group designs and implements:

- simplified flows to reduce the distances traveled by the products and components between production and storage sites in sales areas, and the "global cost", which takes into account environmental criteria, is analyzed;
- grouping of different production stages at a single location, thus reducing transport between sites.

The choice of transport modes and organization of logistic flows also offer scope for improvement. Recent measures taken include:

- optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries;
- using rail transport, particularly between Paris and Italy (Milan);
- using river transport between the port of Le Havre and the Paris region, particularly to supply the Group's international distribution center;
- using, wherever possible, the same mode of transport for incoming and outgoing shipments at the Group's international distribution center, thus reducing the number of empty journeys;
- reducing the use of air freight, which in 2013 accounted for less than 2% of the weight shipped from the Group's international distribution center.

The method used by the Group to map its logistics flows covers over 96% of its sales.

Various initiatives have been systematically carried out to reduce employee travel, including the promotion of webcasts and conference calls. Moreover, environmental information is regularly published on the Group intranet site and an automatic calculator allows users to translate the impact of travel into greenhouse gas emissions.

5.3.2.2 HARMONIZING THE ISO 14001 CERTIFICATION OF THE GROUP'S INDUSTRIAL SITES THROUGH THE DEPLOYMENT OF THE POLICY FOR NEW ENTITIES

The environmental risk from the Group's sites is assessed in two ways: By ensuring that the site is operated in compliance with applicable rules and by conducting an inventory of industrial risks to the environment. Where necessary, corrective action plans are adopted. The target is the continual improvement of environmental performance, which normally results in ISO 14001 certification.

Significant effort is needed each year because of the Group's acquisition policy. In 2013, three industrial sites joined the list of ISO 14001 certified sites: the Bangkok plant in Thailand, the Nashik plant in India, and the Fort Mill logistics center in the US.

Accordingly, by the end of 2013, 87% of industrial and logistic sites integrated within the Group for more than five years were ISO 14001 certified.

The Group is determined to commit its new acquisitions to this certification process as soon as possible, by supporting the new industrial sites as they achieve the required levels. This demands a considerable and continual effort, particularly in some countries where the regulatory or legislative framework is far from meeting the criteria of ISO 14001 certification. Thus, in spite of the entry of new industrial sites into the Group and the time required to set up improvement actions, Legrand set itself the ambitious goal of maintaining a minimum certification rate of 80% for the 2011-2013, an objective it largely attained in the period.

5.3.2.3 LIMITING WATER CONSUMPTION AND WASTE PRODUCTION BY APPLYING THE BEST PRACTICES AND ENVIRONMENTAL TECHNIQUES IN THE GROUP TO INDUSTRIAL SITES JOINING LEGRAND

The Legrand Group implemented measures first to limit water consumption, and second to reduce waste and improve recycling.

In 2011, which marked the start of the 2011-2013 roadmap, the Group set itself the target of a 2% decrease *per annum* in total water consumption.

For waste production, an annual reduction of 2% was also set as a goal. However, during the period, improved environmental reporting led to more comprehensive waste reporting, the identification of which was initially very dependent on the cultural context of the Group's sites. Improved waste identification has resulted in a nominal increase in data and has made monitoring this target redundant. This factor is therefore ignored when monitoring the progress of this target.

Control of water consumption

The Group consumed 1,128 thousand m^3 of water in 2013, down 2.6% on a like-for-like basis compared with the figures posted in 2012, and exceeding the targeted 2% annual reduction. This decrease demonstrates the effectiveness of the actions put in place, which more than offset the inclusion in 2013 of six new industrial sites in the reporting process.

Like greenhouse gas emissions for the GHG protocol (see section 5.3.2.1.), the main water consumption indicators related to accommodation and food services for employees on industrial sites are no longer taken into account whenever technically possible.

The Group uses public benchmarks to assess its exposure and dependency on water resources. This analysis takes both water consumption and the local availability of this resource into account.

By combining the consumption reported by the sites and the WSI (Water Scarcity Index) cartographic data published by the UNEP (United Nations Environment Programme), the Environment Department has determined the 20 sites which account for 80% of the Group's water load worldwide. This analysis has also enabled the calculation that around 85% of the Group's water consumption occurs on sites situated in zones where there is low or moderate water consumption (WSI index < or equal to 0.7). This approach will enable the industrial divisions to focus their actions on the most vulnerable sites in terms of environmental impact on local water resources.

All Legrand industrial facilities are monitored in terms of potential pollutions from discharges into the water. For surface treatment workshops, water must be treated prior to discharge and treatment facilities are strictly maintained and regularly renovated.

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

For more information on the inclusion of suppliers in the Group's Sustainable Development initiative, please refer to section 5.2.2. of this Registration Document.

Waste management

Environmental reporting indicates, for all waste generated, a gross figure of 49.9 thousand tons, up 0.6% on a like-for-like basis compared with 2012. Once again this year, this increase reflects the improvement in the identification, categorization and recognition of waste generated by the Group, and masks the reduction in waste due to actions implemented locally. Nevertheless, the effect of these actions on the ground is still visible in terms of the waste recycling rate, which was 85% in 2013 versus 82% in 2012. The objective set by the Group was to maintain a minimum rate of 80%.

Recycling is a sensitive issue for Legrand, especially on its industrial sites. Sorting instructions are regularly updated to maintain a historically high rate of recycling in the Group.

From an operational perspective, Legrand is working to reduce its waste in two main ways:

- better sharing of good practices in the field, with the identification of local improvement initiatives to limit the quantities of waste at the source;
- better identification of kinds of waste in order to improve sorting and thus facilitate recycling.

Some scraps are directly reused in the production process: as a result, the sprues from injection molding are ground up and reincorporated with virgin materials into the thermoplastic injection processes.

On the other hand, scrap from the metal cutting process is considered to be production waste and is systematically recycled outside the company.

In 2012, the Group subsidiary Bticino launched a campaign to promote responsible consumption of resources at its Italian sites called the "3 Rs": Reduce, Reuse, Recycle. Several initiatives were set up in production workshops with the active participation of all employees: weekly meetings with analysis of indicators, improvement proposals, sharing ideas and suggestions. This initiative has resulted in several noteworthy actions, including: detection of energy losses in the machines, switching off machines during breaks, reusing consumables like gloves, and increasing selective sorting.

The Group has upgraded its multifunction (printer/fax/scanner) machines at all its French sites in order to reduce its environmental impact. The new generation of machines allows the copying and printing functions which are most resource-efficient (black and white, double-sided printing) to be default-parametered, leading to a 20% reduction in the number of print jobs, and thereby to a corresponding reduction in waste. Moreover, use of these eco-designed machines generates an energy saving of around 17%. The supplier selected by the Group for these machines also takes care of the replacement of end-of-life consumables, which are collected and recycled separately. Similarly, the machines installed will be sent to the "Close the gap" foundation.

In 2013, Legrand was listed by WWF France and *Riposte Verte* in the top "PAP50 Entreprises" ranking. This survey assesses the paper use policy of the 50 largest companies in France, analyzing in particular their paper consumption, the share of sustainable paper used, and actions taken to maximize recycling. Legrand is sixth in this ranking with a score of 65/100. Legrand France has a 74% recycling rate for its paper waste.

5.3.3 - Promoting energy efficiency

Buildings account for 40% of the world's energy consumption and a quarter of its CO_2 emissions. The awareness of global warming, the potential financial savings, and changes in legislation and standards are all factors which argue in favor of implementing an 'eco-efficient' electrical and digital infrastructure. The Group's subsidiaries and industrial divisions take these new challenges for energy-efficient buildings into account. Local marketing teams have been briefed on sustainable building practices (low consumption and/or green building) and energy efficiency, which they integrate into their marketing approach and their development.

The Group offers simple and accessible solutions to as many people as possible, adapted for different types of buildings (offices, hotels, etc.). Particular attention is paid to new economies, which have real energy challenges ahead.

5.3.3.1 SUPPORTING PLAYERS IN THE ELECTRICAL INDUSTRY

Opening up new business opportunities for its customers is an integral part of the strategy of the Legrand Group, which for years has been involved in the development of the electrical industry and the skills enhancement of members of the electrical profession. In order to commit the industry to more sustainable energy consumption and offer solutions that increasingly feature high added-value technologies and systems, academic, technical and sales support is needed.

Commitment of the electrical industry

The Group involves the industry through multiple channels and actions:

- **training and information centers** offer seminars and online training on environmental and energy regulations, green building techniques in accordance with the main standards in use, and best practice in electrical installation, making these concepts easily accessible;
- **a specific symbol and an eco-label** have been created to enable the Group's customers to easily identify energy efficiency solutions. They are repeated in the communication materials of Group subsidiaries around the world. Legrand is also committed to providing its customers with accurate information regarding the benefits of its offerings: CO_2 savings, financial savings, and depreciation periods. Calculations are based on regulatory or standard specifications, and/or evidence from recognized outside experts. Information is also backed up with concrete examples of installations presenting solutions in specific applications and building types;
- **participation in conferences and exhibitions** on promoting energy efficiency. In France for example, Legrand organized "48 hours of electromobility". More than 200 customers, investors, consultants, installers and distributors had the opportunity to review changes in the standards governing charging stations for electric vehicles, to learn about the Group's charging solutions, and to test-drive the electric vehicles of various car manufacturers;

- **staff trained** to usher the electrical industry towards green and energy-efficient building design: for the past few years, sales and technical teams at LNA (Legrand North America) have been involved in an accreditation process known as LEED (Leadership in Energy and Environmental Design) AP (Accredited Professional). This approach has now been adopted by the Group's subsidiaries in countries where the LEED framework is becoming a building standard. Legrand China, for example, embarked on the accreditation of its Key Account Managers in 2013 so that they can share their green building expertise with their customers;
- **support for social entrepreneurship**. In France Legrand supports, in partnership with the Rexel Foundation, sponsors of social entrepreneurship projects for energy progress as part of the "Impact – energy efficiency" project. Legrand and the Rexel Foundation have joined forces to create a common skills platform. *Via* this platform, the entrepreneurs concerned will benefit from business development support. In general, the aim of this partnership between Legrand and the Rexel Foundation is to allocate resources (professional expertise, equipment, etc.) to expedite initiatives to tackle fuel poverty in France.

Participation in legislative and regulatory developments

Moreover, Legrand supports the different green building initiatives (Leed, Green Star, Breeam, HQE, etc.). It is a member of the Green Building Council (GBC) in several countries such as the United States, Vietnam, Singapore, China, etc. In the United Arab Emirates, the Group's subsidiary is an active member of the Emirates Green Building Council (EGBC), as well as a member of its Board of Directors.

The Group is also involved with government authorities in the construction of the regulatory framework for energy efficiency in buildings, for example, in France (Effinergie label), the UK (Part L and Smart Home), and the USA (ASHRAE).

The Group is involved in the French national debate on energy transition, and took part in a round table with the French Minister for the Environment who met with a number of people involved in the Internet and in particular in social networks around the theme of energy. The national debate on energy transition is entering a period of confrontation between expert opinion and citizens. Nuclear energy, renewable energy, smart grids... these are all topics that should be addressed in the debate. The first energy consumption scenarios for 2050 have been established and they demonstrate the need for changes that must be firmly anchored over the long term. The Legrand Group must provide solutions for measuring and monitoring consumption which meet these needs.

In the United States, the Group is a partner of the Alliance to Save Energy. This organization brings together business leaders, policymakers and heads of environmental protection and consumer associations all over the world who are committed to promoting energy efficiency through political, research, technological, communication and public awareness initiatives.

Consumer and individual awareness

The Group's engagement with energy efficiency also extends to raising awareness among consumers and individuals. Since 2012, the Group has presented the "Positive Energy Families" (*Familles à Énergie Positive*) project to its employees living in the Limoges agglomeration. Led by the ADEME (French Environment and Energy Management Agency), the project aims to mobilize people around practical, efficient and convivial actions to combat greenhouse gas emissions and reduce home energy consumption. Thirteen Legrand employee groups were involved in this action to promote energy moderation.

In 2013, Legrand helped to set up the "Energy Laboratory for the City of Tomorrow" in Mureaux (Yvelines). A training, research and information platform on energy efficiency and electromobility, the "Energy Laboratory for the City of Tomorrow" involves architects, engineers, economists and manufacturers. Legrand contributes to this platform by offering its know-how and expertise on smart home network projects. The laboratory will house a training and research center on energy efficiency and intelligent travel. It will train both local residents and university students. Legrand will assist them in defining the best usage for their needs and in finding solutions that ultimate contribute towards optimizing sustainable building performance.

5.3.3.2 PROVIDING SOLUTIONS FOR ENERGY EFFICIENCY

The Group offers solutions for all types of residential and commercial buildings, both new builds and those undergoing thermal renovation.

These solutions are easy to install, adapt and use and can be implemented by the Group's usual partners in the sector.

Solutions to manage the energy consumed by applications, reducing waste and electricity bills

Lighting management

Lighting control systems and sensors, including those developed by the subsidiary WattStopper, offer savings of up to 55% on lighting consumption in an office building, which represents, for example, a saving of 2,500kg of CO_2 emissions per year for an office building of 2,000 sq.m.

These products are rounded out by products from the subsidiary Sarlam, a French architectural lighting specialist. By harnessing this expertise, the Group can offer lighting management solutions that cater for all its markets. Based on sensors, it is compatible with low-energy light bulbs and requires limited installation. It generates a swift return on investment thanks to its energy efficiency.

Specific electricity management

Many households and office appliances cannot operate without electricity. These are referred to as "energy specific" goods (computers, printers etc.). Legrand offers a range of programming devices to turn off office computers, lighting and ventilation at set times. Products also include a switch control displaying programmed circuits for time-controlled cuts that can result in savings of up to 20% on energy consumption of IT equipment, which represents the third largest item on energy bills for commercial buildings. This represents a saving of 800kg of CO_2 for a department with 100 people using computers in France.

Heating management

Heating is the largest item on household energy bills, so more accurate, automated temperature control can cut it drastically. In addition to programmable thermostats, Legrand's offering includes the "Fil Pilote 3 zones" option allowing separate control of three different sections of the home, adjusting temperatures in each according to priorities and energy requirements. More broadly, the automation of heating, hot-water supplies, lighting and standby mode can save up to 10% on energy use.

Energy-saving solutions for data centers

AEGIDE, the Dutch subsidiary of the Group, provides energy-saving solutions for data centers in large, medium and small companies as well as commercial infrastructures. The Varicondition Cold Corridor® solution, for example, is a system which is based on the complete separation of hot and cold air flows, to increase efficiency and energy savings.

Solutions for energy management in buildings: measuring and displaying consumption, monitoring the electrical system, securing high- and low-current infrastructures

Measuring energy consumption and estimating potential reductions

Analyzing, measuring and monitoring the electrical system is an essential step in changing consumption habits, which leads to average savings of around 10% on energy consumption. Alptec analyzers from the subsidiary Alpes Technologies allow the full analysis of circuits (failures, surges, etc.) in commercial and industrial buildings, to identify and correct defects. In 2013, the Group's new building energy management device won the French Business Award for the Environment and received the Grand Jury Prize in the Innovation in Technology category. An active management tool which is easy to install and use, it is available to anyone operating in the electrical sector. The product was developed specifically for small and medium-sized buildings, which account for 93% of commercial buildings.

In the residential sector, solutions from the Arteor, Céliane, Axolute and LivingLight ranges centralize control of all electrical equipment with the possibility of full measurement of home consumption. Moreover, US subsidiary WattStopper has launched an Energy Calculator, a free online tool enabling individuals to calculate their own potential energy savings.

Quality of electricity

Acquired in 2008, Legrand subsidiary and leader in its field, Alpes Technologies rounds out the Group's offering in terms of electrical power and quality. Alongside network analysis tools, this subsidiary offers a full range of services and products contributing to the quality of electricity and the reduction of environmental impacts: reactive energy compensation and harmonics filtration technologies. Since 2010, Alpes Technologies has been rolling out products in several countries including Poland, Russia, Morocco, United Arab Emirates, Saudi Arabia, Chile, Belgium and Portugal. These solutions make possible significant avoidances of CO_2. For example, the installation of a capacitor bank of 75 kVAr in a 1,000 sq.m supermarket in France saves 1.6 metric tons of CO_2 per year.

Innovative transformers that reduce power loss

Legrand markets low loss dry-type transformers. These transformers are more economical and less polluting than traditional transformers and reduce CO_2 emissions by more than 800kg a year for an IT building with two 250 sq.m rooms.

Ensuring uninterrupted high-quality power supply: UPS*

Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy (Italy), Numeric (India) and S2S (France), Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions) and photovoltaic power inverters. The energy efficiency of these solutions is based on an intelligent power factor correction circuit, which optimizes the absorption of energy input. Efficiency remains at a consistently high level even at low capacity, so that energy performance is not dependent on any capacity variations.

05

* *UPS: Uninterruptible Power Supply.*

Energy supply management solutions: integrating renewable energy and powering electric vehicles

Photovoltaic panel connection

Legrand provides solutions for photovoltaic panel connections. For residential systems, installation by a professional is simplified with the availability of a pre-wired electrical box. For commercial systems, Legrand is gradually expanding its offer. The emphasis is on safety with connections that are reliable and long-lasting.

Electric vehicle charging stations

To address the major changes taking shape in the transport sector and to meet the needs of users, Legrand offers:

- a home-style electrical plug, Green'up Access, for charges of 14A (3.2kW);
- a range of charging stations (Green'up Premium) suitable for homes, corporate or public parking areas, apartment buildings and public roads.

5.3.4 - Overview of environmental indicators

A reporting tool is deployed in the Group to collect, administer and manage environmental data. This tool is available on the Group's intranet site.

This application includes a document giving a general introduction to the reporting process and a user guide. Online aids and data consistency checks and mandatory commentary zones are incorporated into the application to assist entities with qualitative data entry.

The tables below show the main Group environmental indicators. All data correspond to the scope of Environment reporting, which covers over 85% of Group's cost of production, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent which cover 100% of the Group's business.

For more information on rules for the integration of new acquisitions into the reporting process, please refer to section 5.1.4. of this Registration Document.

5.3.4.1 ENVIRONMENTAL INDICATORS – PRODUCTS

The table below shows the main indicators monitored by the Group as regards the development of High Environmental Performance products.

	2011	2012	2013
Share of Group sales generated by products with PEPs	30%	37%	47%
Share of Group design departments conducting Product Life Cycle Analyses (LCAs)	67%	74%	80%

5.3.4.2 ENVIRONMENTAL INDICATORS – SITES

The table below shows the main indicators monitored by the Group as regards impact related to site activities. Data below is at current scope of consolidation.

The comments associated with the data presented are detailed in section 5.3.2. of this Registration Document.

	2011	2012	2013
Energy consumption *(GWh)*	527	479	472
Direct energy consumption (mainly gas) *(GWh)*	253	213	195
Indirect energy consumption (mainly electricity) *(GWh)*	274	266	277
Total CO2 emissions for scopes 1 and 2 of the carbon footprint *(thousands of metric tons of CO_2 equivalent)*	187*	177*	188*
Emissions from product transport *(thousands of metric tons of CO_2 equivalent)*	88.9	88.8	103.0
CO2 emissions related to energy consumption *(thousands of metric tons of CO_2 equivalent)* scopes 1, 2 and 3** of the carbon footprint	1,847	1,856	1,859
ISO 14001 certified sites *(%)*	87%	87%	87%
Water consumption *(in thousand m^3)*	1,390	1,158	1,128
Waste produced *(in thousands of metric tons)*	43.4	49.6	49.9
% of waste reclaimed	79%	82%	85%
Volatile Organic Compounds (VOCs) *(metric tons)*	69	83	89

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

** *Data not available for 2010.*

Additional details:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of the year Y-1 and of the first three quarters of the year Y;
- energy consumption at the Group's sites totaled 472 GWh compared with 479 GWh in 2012 (please refer to section 5.3.2.1 of this Registration Document for more information on these changes);
- water consumption at the Group's sites totaled 1,128 thousand m^3 in 2013, a fall of 2.6% compared with 2012 (please refer to section 5.3.2.3 of this Registration Document for more information on these changes);
- waste produced totaled 49.9 thousand metric tons in 2013, up 0.6% compared with 2012 at current scope of consolidation (please refer to section 5.3.2.3 of this Registration Document for more information on these changes);
- VOC emissions totaled 89 metric tons in 2013, a 7% increase compared with 2012 at current scope of consolidation. It is important to note that this change is mainly due to an improvement of the data reporting process towards the sites included in the scope of the estimates. In 2013, all sites potentially liable to emit VOCs in view of the nature of their activities quantified their actual VOC emissions.

5.3.4.3 ENVIRONMENTAL INDICATORS – OTHERS

	2011	2012	2013
Environment training and awareness campaigns *(hours)*	15,300	17,375	18,700
Contingency provisions and guarantees relating to the environment *(in millions of euros)**	-	14.6	13.0

* *This data was given for the first time with respect to 2012 financial year.*

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

5.4 - WORKPLACE AND COMMUNITY ACTIONS: 2013 POLICY AND RESULTS

Legrand continues its business development while paying particular attention to the working conditions of its employees and its responsibilities as an employer and a social actor. There are four strategic areas to its Human Resources policy: Risk prevention and occupational health and safety, skills management, social dialogue, and diversity.

5.4.1 - Investing in employees

5.4.1.1 RISK PREVENTION AND ENSURING THE HEALTH AND SAFETY OF EMPLOYEES

A commitment to occupational health and safety

The Group Prevention Department, which reports to the Human Resources Department, steers the prevention policy and its implementation. To do this, it has a network of prevention correspondents on the sites and/or prevention managers in the Group's industrial divisions. The correspondent in each entity is actively involved in the network for communicating information relating to the health and Safety of employees in the Group.

The Prevention Charter is the Group's policy on risk prevention. It was updated in 2013 and lays down three principles: compliance with national legislation and regulations, incorporation of safety into the industrial policies, and the harmonization of prevention strategies.

The Group has decided to define its objectives chiefly in terms of the resources used, because this is the most effective way to build on solid foundations and to make long-term progress.

For Legrand, the prerequisite for a prevention initiative is strict compliance with current legislation. Regulatory changes are incorporated through the regulatory monitoring structures in every country in which the Group has industrial activities. Accordingly, the "SécuRisk" software makes regulatory compliance diagnostics possible in France and Italy. It is backed up by monitoring of new developments in regulations and case law, allowing regular updates of audit terms of reference. It may be offered to other countries, as the need arises.

Integrating safety into industrial policies

Integrating safety into industrial policies is part of the Legrand culture in all functions and at all levels.

A special communication campaign was carried out in 2012 with all the prevention correspondents in the countries where the Group is located. This action, in addition to underlining the importance of this Charter and specifying that it forms part of the Legrand Group's Charter of Fundamental Principles, also explained the Charter in detail. At the end of this information campaign a newsletter was circulated to share the information with employees. The Charter was updated in 2013, with a new format to improve communication and readability. The three core principles have remained the same, while the compliance principle was supplemented by an explicit reference to monitoring employee health in line with the guiding principles of ILO-OSH 2001. This update was then disseminated *via* the Group's intranet.

Safety training is a major occupational concern, be it for risk prevention in the workplace, first aid training or fire prevention efforts. Overall, in the Group's subsidiaries, there exists a desire to better prepare employees regarding risks to their health and safety. This is reflected in the number of training hours on these concepts: 92,500 hours in 2013 against 84,500 hours in 2012, an increase of nearly 9.5%.

Delegations of authority, or equivalent mechanisms, are established to formalize the responsibility of the managers of each Group entity, especially when it comes to the prevention of occupational risks. For all French employees, job descriptions are worded to ensure that occupational health and safety are recognized as a responsibility for all employees, whatever their rank and position.

Accordingly, each Group entity is improving its management of workplace health and safety through the establishment of appropriate measures in compliance with the Group's Prevention Policy laid down in the Prevention Charter.

Group directives and guidelines

Common rules are gradually being drawn up for the Group.

For example, a Group directive on workplace equipment was drawn up in 2009. The directive calls for purchasing contracts to contain clauses ensuring that newly acquired machinery complies with all applicable legal provisions. It also requires a compliance inspection to be conducted each time equipment is moved, even within the Group. Lastly, it defines rules that must be respected to ensure proper maintenance of machinery being used (in particular, regular checks that safety mechanisms are in good working order). These rules are already being promoted throughout the Group's French entities, and they may be gradually extended.

Another example is that the principle of not introducing new substances classified as CMR (carcinogenic, mutagenic or toxic for reproduction) into the manufacturing process, insofar as a technical solution exists, was added to Group Purchasing Specifications.

An occupational health and safety management system, designed in accordance with ILO-OSH 2001, has been phased in within Group entities. This reference is a framework for the structured and comprehensive management of professional risks, which allows the Group to advance in its operations and its methods.

At the end of 2013, 43% of the Group's workforce were covered by at least one agreement in force on the prevention of occupational risks (41% in 2012).

The whole of the Group's French sites, for example, are covered by three national agreements signed with the unions: An agreement on the conditions for seniors accessing and staying in work, an agreement on method for the prevention of psychosocial risks and quality of life at work, and an agreement on the prevention of disabilities and integration of people with a disability. Mexico is covered by an agreement concerning the functioning of the Health and Safety Committee. Moreover, agreements have been signed in Korea, Australia, the United States and India on the general themes of occupational health and safety (individual protection, health at work, risk assessment, etc.).

A common reporting tool

The Prevention Department uses a reporting tool which periodically consolidates statistical data on occupational risk prevention. This tool is also used to promote best practices across the Group.

The 146 entities in the reporting scope cover the whole of the Legrand Group's workforce (industrial, commercial, administrative personnel, etc.). The safety reporting process is accompanied by guidelines updated annually and communicated to each entity concerned at the start of the reporting period. This document includes all performance measurement indicators on occupational risk management and on health and safety at work. The Group Safety Department works closely with entities to ensure that they understand the indicators and the relevance of the data provided. At the end of each reporting cycle (four in 2013), a summary of the results is sent to each entity, together with information on all entities in the country concerned. Each entity is thus made aware of its contribution to the consolidated results for its region, its industrial division, and the Group as a whole.

The prevention managers for the three industrial divisions also receive a consolidation of the indicators for their respective divisions.

The 2011-2013 roadmap formalizes the Group's commitments to promote an active professional risk prevention policy as defined by the Esculape project. As a result, the objectives used serve to implement the workplace health and safety management system based on the ILO-OSH 2001 standard:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Consolidation of health and safety indicators for more than 95% of Group employees*. Integration of new Group entities no later than the third reporting period after their entry into the Group.	Maintaining the indicator consolidation rate at over 95% of staff	100%
Ensuring that at least 85% of Group employees undergo a formal risk assessment*.	Maintaining the risk assessment rate at a minimum of 85%	94%
Promotion of an active approach to prevention by enabling more than 85% of Group employees* to be represented by a Health and Safety Committee.	Maintaining the rate of representation by a Health and Safety Committee at over 85% of the workforce	100%
Enabling 75% of Group employees to benefit from medical or paramedical interviews at least once every five years*.	Percentage of staff who have had a medical review to over 75%	98%
Ensuring compliance with the Prevention Charter, promoting it in new Group entities in the year following their integration.	Deployment of the Prevention Charter awareness-raising plan	100%
Preparation of a Group Directive on the prevention of musculoskeletal disorders (MSDs).	Drafting and approval of the directive	100%

* *Excluding acquisitions that took place within the last three years.*

These targets reflect the Group's high standards, given the integration of new acquisitions and ongoing developments in industrial processes (new technologies, new products).

Since 2011, the Group has appointed a person for the specific purpose of overseeing these six objectives.

Objective 1: Consolidation of health and safety indicators for more than 95% of Group employees. Integrating new Group entities no later than the third reporting period after their entry into the Group.

This indicator aims to show that the Group is striving to make progress in the prevention of professional risks. It also seeks to guarantee the representative nature of the results reported. This objective has been fully achieved by the Legrand Group since 2011, with a consolidation of health and safety indicators covering more than 99% of staff (99.9% in 2013).

An application available on the intranet is used to consolidate all workplace health and safety indicators.

Since 2011, the guidelines and user manual for the application have been revised each year, mainly based on observations made during the audit conducted by the Group's Statutory Auditors. A webcast took place with safety officers in 2011 as a reminder of the importance of reliable reporting. The webcast also served to inform safety officers of the results of the audit. These actions have helped to maintain the Group's results: almost 100% of the workforce were involved in the 2013 reporting; this indicator remains at a very high level. In 2013, reporting increased from every four months to every three months, leading to more frequent discussions with safety officers and greater visibility on health and safety data; these are now used in follow-up presentations on the industrial performance of the entities concerned.

This intermediary reporting also improves the annual reporting process by involving the Group's entities on a more regular basis, by providing more reliable consolidated data, and coordinating the network of prevention correspondents.

Periodic reporting was also used for targeted communications on selected themes to improve the understanding of indicators. This was the case, for example, for the Group's prevention policy (Prevention Charter) and the evaluation of occupational risks.

Objective 2: Ensuring that at least 85% of Group employees undergo a formal risk assessment.

The evaluation of different forms of professional risk constitutes the foundation of any prevention initiative. Most Group entities are already conducting this evaluation using their own tools.

In addition, an assessment method was developed in 2012 to allow entities that do not have their own risk assessment methodology to conduct this assessment using a common tool adapted to the Group's business. This method has been tested on-site and will be made available to all entities.

For 2013, 80% of Group workforce are included within the scope of formal risk assessments. This corresponds to 94% of the target set. The ongoing reliability of reporting and the continuation of existing risk assessment actions should allow the Group to make further progress in the coming years.

Objective 3: Promotion of an active approach to prevention by enabling more than 85% of Group employees to be represented by a Health and Safety Committee

Legrand has chosen to base its prevention policy on the ILO-OSH 2001 guidelines. These guidelines, due to the tripartite nature of the organization that drafted it, makes employees and their representatives central to the prevention strategy.

Historically, Health and Safety Committees (employee representative bodies for safety issues), have been present in many countries, at the initiative of Country Managements and in accordance with local laws.

The Group decided to apply the principle of employee representation generally, especially for industrial and logistics sites of a certain size.

A procedure was drafted by the Group to support the gradual deployment of the initiative, especially in countries where local law does not require it. The next step will be to implement this procedure.

In 2013, 92% of Group employees were represented by a Health and Safety Committee, above the target of 85% announced by the Group.

Objective 4: Enabling 75% of Group employees to benefit from medical or paramedical interviews at least once every five years

Monitoring of employee health is indispensable to guaranteeing that work does not adversely affect employees. It is also one of the essential requirements of the ILO-OSH 2001 reference.

Some subsidiaries have specific actions on this issue. In Colombia, for example, the Group's subsidiary is actively committed to ensuring the health of its employees, setting up a program and joint committee on occupational health (COPASO) composed of company doctors and industrial health and safety committees. Periodic health checks are carried out, as well as health awareness-raising and promotional campaigns. More than 400 people were treated in 2013, mainly for visual and metabolic disorders.

At Group level, a procedure has been drafted to define the minimum rules applicable for medical or paramedical interviews.

The procedure involves a medical or paramedical interview at least once every five years.

The next step will be the deployment of the Group directive in area(s) where it is deemed most urgent.

For 2013, the health of 74% of Group employees is monitored through a professional medical interview, corresponding to 98% of the target set.

Objective 5: Ensuring compliance with the Prevention Charter, promoting it in new Group entities in the year following their integration

The Prevention Charter is the Group's policy on professional risks. It has been signed by the Group's Chairman and Chief Executive Officer and was updated in 2013. It has been widely circulated to employees and is available on the intranet in six languages.

The roadmap targets set by the Group are designed to ensure the implementation of this prevention policy. The consolidated indicators make it possible to monitor compliance with the key commitments.

The update to the Prevention Charter in 2013 was announced on the intranet.

Compliance with the Prevention Charter is also measured against the achievement of the objectives set in the Sustainable Development roadmap. By monitoring the indicators *via* the reporting process, it can be ascertained whether the key principles of the Charter have been understood and applied throughout the Group.

These elements allowed the Group to achieve the targets set for 2013.

Objective 6: Preparation of a Group Directive on the prevention of musculoskeletal disorders (MSDs)

Musculoskeletal disorders are the leading cause of occupational disease in the Group. They result in debilitating pain.

These disorders mainly affect the neck, shoulders, elbows, wrists, hands, fingers and back, and generally result from an imbalance between biomechanical stresses and the functional capacity of the operator.

The prevention function drafted an MSD directive. It proposes a method for screening risk situations for MSD. It contains explanatory information on MSD which are specific to Legrand's activities.

This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general, all the risk factors which increase the likelihood of the appearance of MSD, from the development phase of new production or methods of working.

The draft directive was put to different committees (HR, prevention, company doctors, industrialization methods teams) to enrich the initial draft before finally validation.

The method was tested at three pilot sites in France and Italy in the first half of 2013, before being rolled out to the entire Group. Sites are now able to assess each job using one of four scoreboards which include risk factors for four standard activities within the Group. Following improvements, another assessment will be carried out to check that those risks which could not be eliminated have at least been mitigated. It should be noted that the objective of drafting the risk assessment method for MSD has been superseded by the validation of the method and its availability at Group level.

Psychosocial Risk Prevention

Psychosocial risk prevention is a major occupational concern for Legrand. In June 2010, an agreement on method for psychosocial risk prevention and improving the quality of work life was signed for France with all unions. The agreement involves a major training element. Accordingly, the Health, Safety and Working Conditions Committees and management are gradually receiving special training to assist them in the identification of individual problems.

Local correspondent groups will be set up to provide local support in preventing psychosocial risks as part of a continuous improvement program.

The agreement led to the creation in 2011 of an anonymous questionnaire that was sent to all French employees of the Group. The goal was to identify key risks and protection factors by occupational category, business line and geographical area.

The survey contents and methods were developed with employee representatives in partnership with a company doctor. The administration and processing of the survey were the responsibility of an independent external evaluator, ARACT Limousin (Regional Association for the Improvement of Working Conditions). The results were presented to employees in November 2011. The results for each site were broken down during the first six months of 2012 in order to gradually set up action plans. Working groups have been gradually set up on each site. They define the local action plans regarding progress areas, and the leverage to be maintained.

Negotiations are under way in France for a substantive agreement on improving the quality of working life.

Other Group entities also took psychosocial risks into account. These include, for example, Italy, which has implemented a psychosocial risk evaluation program. Another example is the project initiated in Colombia, which is broken down into different phases: risk analysis and qualitative diagnostics by sector. In addition, since 2009, internal training programs have been discussing emotional intelligence and harassment prevention.

Security on business trips

The Group places enormous importance on the safety of its employees, both in the workplace and when they are away on business. In France for example, there is a special intranet travel site which provides real-time information for each country according to the potential risks and advice published by the French Ministry of Foreign Affairs. It also gives details of the formalities to be completed, the general health precautions before a trip, food hygiene rules, emergency numbers, and information on healthcare, medical treatment and repatriation.

The potential occurrence of a crisis situation is covered in the Group's crisis unit procedure managed by the HR Department. For example, to improve its response procedure, the Group encourages its employees to register with the crisis center of the French Ministry of Foreign and European Affairs by entering their foreign travel plans on its website.

5.4.1.2 DEVELOPING SKILLS MANAGEMENT AND ENCOURAGING MOBILITY

With nearly 33,000 employees worldwide (registered headcount) and sales and production units in over 70 countries, Legrand pursues its business development with particular attention to employee working conditions and its responsibility as an employer and social actor. In a mixed economic environment, especially between new economies and mature markets, the Group's Human Resources management is based on five fundamental principles:

- managing the Human Resources of the various entities, taking into account the issues and business priorities and ensuring the best possible match between needs and resources;
- getting the best out of the Group's employees by implementing tailored talent development and performance recognition strategies, thereby fostering employee engagement;
- attracting, developing and retaining talent, and thus matching the Group's Human Resources with its future needs;
- encouraging diversity by promoting the internationalization of teams and ensuring that the Group's HR processes comply with the principle of non-discrimination and equal opportunities;
- supporting organizational change to allow ongoing dialogue within the company, and thus constantly adapt the organization and its people to the issues facing the Group.

To implement this policy successfully, Legrand's approach to HR management is built around:

- local human resource management by each subsidiary;
- cross-functional human resource management at Group level, focusing on key positions and resources.

The Group's Human Resources reporting mechanism is adapted each year as part of a continuous improvement process to better meet the expectations of the various participants.

This mechanism notably enables:

- better knowledge of Human Resources country activity and projected Human Resources developments;
- improved monitoring of some key Human Resources indicators for improved responsiveness;
- improved management of Group Human Resources performance.

As part of the dynamics of this organization and the needs identified, the Group committed itself to making the most of its Human Resources as part of its 2011-2013 roadmap by developing the skills and career paths of its employees through three objectives:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013
Building a new management training offer adapted to the challenges and changes in the Group by the end of 2012	Identifying training needs Adapting training to local requirements	100%(1)
Systematizing the management of Group's talents, in particular talents by managing 90% of key positions by the Group by the end of 2013	Increasing the percentage of talent managed to over 90%	100%(2)
Enabling 90% of Group managers to benefit from the individual appraisal reviews by the end of 2014	Increasing the individual appraisal review completion rate to over 90%	99%(3)

(1) 2012 target – Group performance measured over two years (2011 and 2012).

(2) 2013 target – Group performance measured over three years (2011 to 2013).

(3) 2014 target – Group performance measured over four years (2011 to 2014).

Objective 1: building a new management training offer adapted to the challenges and changes in the Group by the end of 2012

Worldwide economic competition necessitates enlightened use of investment in training to increase employees' skills in electrical and digital infrastructures in the building industry, in the context of economic, cultural and social performance.

The Group therefore considers its training policy to be a driver for global performance. This policy is being built by factoring in the challenges posed by new business sectors, the support required for growth in fast developing countries and the innovative challenges.

The Legrand Group has equipped itself with a pragmatic and responsive training policy for these ambitions. By incorporating this target within its Sustainable Development roadmap, the Group has significantly altered its management training programs since 2011 to adapt to new challenges, but also to take into account specific local needs. This two-pronged approach and cross-functional and local management have enabled the Group to identify training needs and to provide tailored approaches to replace the training given previously. In 2013, 430,713 hours of training were provided at Group level.

In 2013, the Group renewed its commitment to training through a training guide for its subsidiaries. This document details the Group's training policies:

- continuing and maintaining training actions to guarantee workplace health and safety and wellness, which are real performance levers;
- continuing and maintaining training/awareness of managers and employees to foster diversity and combat all forms of discrimination;
- establishing and introducing formal individual training sessions for Group talent to support them in new roles, with increased responsibilities or with change management;
- continuing integration schemes for key personnel at various Group entities in order to help them succeed and acclimatize swiftly to the Group;
- continuing management training to equip new managers with core management skills and to strengthen the leadership skills of more experienced managers;
- training sales teams on new solutions, products and systems to grow sales and boost Group market share.

These policies apply both at a country and Group level. They will be communicated and disseminated in early 2014 to HR managers of subsidiaries and shared using IT tools and best practice within the Legrand Group HR community.

Managers play a vital role as local relays for identifying priority needs, prescribing the development of core competencies, and maintaining and developing employee engagement. To accomplish this, they need new benchmarks to inform and guide their actions.

Management training sessions are held each year either at the Group level, or locally within subsidiaries.

For example, a cross-functional Group training program to develop and retain the loyalty of key employees in all subsidiaries is gradually being developed. Its goals are to strengthen the sense of belonging to the Group, develop a business network and support skills development. It concerns employees positioned in strategic areas (such as marketing, R&D, and industrial) who have to play an intermediary role for the Group in their geographic areas. The people affected are, in most cases, new employees in a subsidiary or employees who have taken on a new responsibility.

In 2013, local training programs were established mainly for talent identified in the OSR (Organization and Staffing Review) process. For example:

- in India, 26 Indo Asian employees attended a "Sales Excellence" business skills development program;
- in Canada and the United States, a "Leadership Summit" took place (Teamwork & Collaboration, Sustainability, Technology, and Personal Productivity), with a focus on customized innovative solutions;
- in Costa Rica, the United States and France, an MBA course was organized for talent identified in the OSR;
- in Italy, managers were trained on "Developing a High-Performance Team" and "Team Building";
- in Turkey, training was given on conflict management and negotiation skills for the subsidiary's entire management team, followed by a course on communication;
- in Turkey, 16 managers from the subsidiary Estap attended a management development course;
- in Poland, a post-graduate program was launched based on a concrete case identified in the local OSR process;

In France, Legrand, in association with the AFPI (Industry Vocational Training Association) and IAE (Institute of Business Administration) is behind a training course that aims to promote employees to management status. In total, 99 Legrand interns have attended the course since its inception (13 of them in 2013). Legrand Group interns represent 80% of students on the course. In total, 123 interns have completed the course from all regional companies. The students achieved a master's-level qualification, as well as CSMI certification (issued by the French Union of Metallurgies Industries). They can then opt to register, as part of their statutory personal training entitlement (DIF), for an additional course on co-development, uniquely structured and leading to an MBA. Six Legrand France managers signed up for the course for the current 2013/2014 academic year.

Along with the training, coaching programs were conducted within the Group in 2013. These actions made it possible to support talented people as they acquire a new job and in their personal development. On various sites, team building activities were also implemented to support the creation of new teams and the inclusion of new challenges.

Objective 2: Systematizing the management of Group talents, in particular by managing 90% of key positions by the Group by the end of 2013

The optimal management of talent is a major challenge for the Group. As currently deployed, in the main subsidiaries, it relies on various processes and tools such as:

- organization and Staffing Review process (OSR);
- prospective Employment and Skills Management (GPEC);
- management of staff mobility.

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

Organization and Staffing Review

In order to encourage the convergence of practices, Legrand has made an application for Human Resources teams and managers in France available to subsidiaries. This system, called Talentis, is used in more than 50 countries. It provides support for talent management – i.e. for employees with strong potential who are capable of taking on responsibilities at the Group level, locally or internationally, regardless of their original position within the organization. The tool manages employee data (such as CVs) and facilitates the Organization and Staffing Review (OSR) process. The system is gradually being extended to different functionalities.

The OSR process helps to identify the impact of upcoming organizational changes on jobs and to discuss employee career progression. This process also helps to identify certain specific situations (potential, specific expertise etc.) and key post succession planning as well as development planning. The ultimate aim is to match the Company's organizational needs with its resources as closely as possible to improve the Group's performance. The OSR process was changed in 2012 permitting "Group talent" to be identified even more accurately for development or mobility actions. It also simplified the setting up of the associated future action plans.

This process is in place in the main countries where the Group is based, depending on the local issues and the Legrand HR policy. In 2013, in accordance with the target set, the staffing review process was optimized according to the needs defined in terms of sectors, geographical areas, development and mobility. In 2013, based on this approach, the goal of 90% coverage of the Group's key positions by talent management was reached.

In total, more than 2000 talents were included in this process in 2013 within the Group. These talents were mainly in positions of responsibility in the Group.

In keeping with the Group's commitment, a special effort has been made with key positions, notably in export countries. These key positions are considered to have a significant impact on their entity's strategic orientations and results: subsidiary, industrial division, functional management. The management team positions of country manager, or for headquarters, departmental or divisional manager, are considered to be key positions.

In 2013, a survey was carried out in the Group's main countries to identify areas of improvement for talent management.

Prospective employment and skills management

Prospective employment and competencies management and its typical job functions have been deployed in France for several years. It identifies any disparities between competencies required for each position and those of the person holding the position. This makes an important contribution to identifying training priorities. The Prospective Employment and Skills Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment. This agreement was renewed by two additional agreements on May 23, 2012 and July 23, 2013.

Internationally, a simplified approach integrating transferable skills is proposed. This initiative will gradually be deployed, in compliance with local practices and legislation.

Management of staff mobility

Mobility management promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance.

The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility.

Legrand encourages staff members' mobility plans with support including visits to host sites, training that can cover intercultural skills in the case of a move to another country, and financial incentives. Monitoring of talent is organized in the early stages of employees' careers.

As a result, people in the *Volontariat International en Entreprise* (Volunteer for International Experience (VIE)) program who join the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Group talented employees who are identified as part of the OSR process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

These career opportunities constituted drivers for developing diversity, retention of key employees, and increased commitment.

Objective 3: Enabling 90% of Group managers to benefit from an individual appraisal review by the end of 2014

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

Individual appraisal reviews are already established practice at a large number of Group entities. The practices in the Group's subsidiaries were analyzed in 2011. As a result, a new personal interview format with its presentation and training pack was formalized in 2012, aiming for a common approach to the notions of targets, performance, skills and mobility. In addition, a survey was performed in different countries to encourage them to develop this best practice and also to identify countries where additional support from the Group to implement, deploy or adapt this process is required.

In 2013, the results of this survey were used to draw up a support action plan for achieving the individual appraisal reviews at the international level, which has been implemented to develop this practice over time in the Group's different countries. For example, countries deviating significantly from the Group standard have received special support, while awareness has also been raised in internal communications (company magazine).

In 2013, the percentage of individual appraisal reviews in the Group was 89%, compared to 82.5% in 2011 and 80%[(1)] in 2012.

5.4.1.3 IMPROVING SOCIAL DIALOGUE IN A GLOBALIZED CONTEXT WHERE CHANGE IS OCCURRING AT A FASTER PACE

The development of labor relations is one of the pillars of the Group's Human Resources policy. Social dialogue is a means for promoting the best working conditions and for driving the changes required for the Group's development. Legrand therefore is actively involved in developing labor relations and supporting the role of the representative bodies in accordance with the laws and practices of the different countries.

Social dialogue in the Legrand Group is organized at all levels, from the exchange between manager and employee, up to subsidiary (information meetings, consultations, agreements), and country (national agreements) level and even between several countries in the same geographical zone (European Works Council).

A certain number of best practices are used to manage labor relations on a daily basis. In France, the role played by employee representatives is spotlighted and employees are made aware of the importance of voting at elections in the workplace. The majority of managers in France receive training on labor relations to help them fulfill their role as local labor relations contacts. Monthly "Labor Relations Management" meetings are held with the main managers and HR to manage labor relations.

Accordingly, as part of its 2011-2013 roadmap, the Group is committed to the successful completion of change initiatives in industrial developments through the following goal:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Improving social dialogue in a globalized world in which the pace of change is accelerating	Growth in the number of employees covered by representative organizations Growth in the number of collective agreements Growth in the number of briefing sessions	100%

(1) Data adjusted since the 2012 Registration Document (70%) following an error in the scope of consolidation used.

Improving social dialogue involves creating a connection and trust inside organizations. Information exchanges, consultations and negotiations inside the Group are vital levers for developing responsible social dialogue.

Social dialogue played a key dynamic role within the Group in 2013:

- 86% of Group employees are employed in entities in which there is an employee representative body or union, a one-point increase compared with 2012;
- 54% of Group employees in 2013 are covered by collective agreements or agreements applicable to their entity, a one-point decrease compared with 2012;
- 1,168 information or consultation meetings with employee representative organizations or unions were held in 2013, compared with 1,095 in 2012;
- 122 new collective agreements were signed in 2013, covering 15,969 people within the Group in both mature countries and in new economies.

74 new agreements were signed in mature countries in 2013, including 56 agreements signed at various sites in Italy, such as the specialist technical training agreement. As in previous years, social dialogue in France was maintained in 2013 with the signing of three new agreements and two amendments, supplementing the existing provisions on different themes: the agreement on adaptive and responsible digital communication (NICT), the agreement on mandatory annual negotiations, and the agreement to enable exceptional unfreezing of profit-sharing payments. 48 new agreements were signed in new economies: in Brazil, China and India, for example, annual wage bargaining agreements were signed. Structured social dialogue has existed at the European level since the early 2000's. In 2012, the Legrand Group's European Works Council (LGEWC) was composed of 19 social partners from 11 European Union countries in which the Group is present.

After 10 years of the LGEWC's existence, the social partners and the Group's management wanted to perform a forward-looking assessment of the way the European Works Council functions. The aim was to strengthen the collective vision of the European social players, and to develop their skills so as to be better placed to meet the specific challenges of change and development facing the Group. A three-day training and discussion seminar was held on this basis at the end of 2012, bringing together the European social partners as well as members of Management. This resulted in the granting of a subsidy by the European Commission.

The seminar gave the European social partners a better understanding of the legal developments and issues. They developed their skills and motivations to participate in the European Works Council's actions over the long term. This initiative effectively paved the way for the next round of negotiations on the European Works Council agreement (2013). A new agreement was signed in the last quarter of 2013 and was ratified by all members of the Special Negotiating Body. The participation of social partners and members of Management in these various discussions has helped to develop European social dialogue for the next few years in an atmosphere of respect and mutual trust.

Adapting to markets involves organizational changes and therefore the adaptation of resources and funding. These organizational changes take place within the framework of local labor relationships. Social dialogue is particularly important when it involves discussing possible changes and reorganizations inside the Company. The social partners are kept closely informed and are regularly consulted about new projects. Once the adjustment decisions have been made, the Group puts in place measures to support those affected (transfer, training, coaching, help with setting up or taking over a business, etc.).

For example, in Brazil in 2012, a transfer of industrial activities from one site to another was supported by a number of measures to help mobile employees as well as those who did not accept to be transferred with their position (contact with companies in the region, CV bank, circulation of CVs to local companies as well as awareness and change preparation training actions).

5.4.1.4 COMBATING DISCRIMINATION AND FAVORING DIVERSITY

Efforts against discrimination and the promotion of diversity have been strong Group commitments since 2004, when it published its first Ethical Charter. This commitment, formalized in 2009 in the Charter of Fundamental Principles, can be seen in Legrand's adoption of the UN Global Compact and is regularly demonstrated by both the internal and external actions of the Director of Human Resources and the Group Diversity Manager.

The General Management recognizes that diversity, i.e. the variety of people profiles within the Group, contributes to innovation, performance and quality of life within the company. There are twenty nationalities at the Group's headquarters today. Employees benefiting from geographical mobility not only come from headquarters but also from the Group's subsidiaries in all geographical zones. The Human Resources Department encourages the diversification of the profile of talents who support the Group's growth. Employees from more than ten nationalities profited from international geographical mobility actions in 2013.

Legrand also supports its external stakeholders by informing them of its commitments and the measures taken by the Group and also exchanging on best practices in the areas of combating discrimination and promoting diversity. The Group believes that the deployment of an effective diversity policy is based on a diagnosis of the situation, formalization and monitoring of commitments, and measurement and control of the objectives set.

The objectives were formalized as part of the 2011-2013 Sustainable Development roadmap, in which the Group committed itself to promoting diversity in teams and preventing all forms of discrimination.

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Educating and training teams in the principle of non-discrimination.	Defining and rolling out training tools	100%
Guaranteeing that the Group HR processes comply with the principle of non-discrimination and equality of opportunity.	Number of processes examined	100%
Encouraging gender equality in Group management and pursuing better employment conditions for women. In particular: at least 25% of managers hired in France in 2011, 30% in 2012 and 35% in 2013 will be women.	Deployment of diversity policies Percentage of female recruitment in France	100%

Objective 1: Educating and training teams in the principle of non-discrimination.

For several years, Legrand has devoted one week to specific diversity initiatives. For the past three years, these communication and awareness initiatives have been deployed with a growing number of employees, and across a broader range of themes. The aim is to maximize efforts to foster cultural change;

- speeches by external experts who are known to the employees of the Human Resources Department and employee representatives involved in negotiating Professional Equality and Sustainable Development agreements;
- in many subsidiaries, the employees themselves were involved in raising awareness through their testimonies. Quizzes and posters were also used as communications media in the United Arab Emirates, United States, Australia, Germany, Italy, Canada, etc.;
- during a webcast that brought together all international subsidiary HR managers, the role of Group Diversity Manager was highlighted, as were the Group's diversity policy and initiatives and the various existing tools and media (*e.g.* guides, videos, Group HR employees and experts on the subject).

In France, during their induction sessions all new hires are made aware of the issue of diversity and the importance of respecting the principle of non-discrimination. Local managers and human resources managers are also informed of the Group's policy on diversity and the tools at their disposal to assist in managing their teams in accordance with the principle of equal opportunities.

The target set by the Legrand Group between 2011 and 2013 is based on the implementation and deployment of at least one event and one newsletter or awareness action related to diversity per year. This objective was fully achieved by the end of 2013.

Objective 2: guaranteeing that the Group HR processes comply with the principle of non-discrimination and equality of opportunity

To prevent all forms of discrimination, the Human Resources processes must be transparent and objective and based on skills assessment. The Group continued the review, launched in 2011, of its Human Resources processes aiming to verify compliance with the principle of non-discrimination. An international working group on best practices consisting of Human Resources Managers from four countries (France, Italy, Turkey, and USA), worked on the recruitment process and produced a recruitment guide based on the principle of non-discrimination to be distributed to all Group HR employees. The guidelines sent to the Group's managers in France for the annual pay review, reminded them that individual pay rises must be awarded in line with objective criteria concerning the employee's good work, achievement of targets, and respect of the Group's values and that length of time spent in the Company and/or parenthood are not criteria for assessing an employee's performance.

Furthermore, the Internal Communications Department considers that the promotion of diversity should take place at every opportunity in Company life. In its processes to define communication plans, it ensures that there is consistency between the messages transmitted, the images conveyed and the values promoted by the Group's commitments.

It should also be noted that an agreement was signed in Italy in 2012 with the social partners on employment parity and equality. The purpose of this agreement is to set up mechanisms to encourage diversity amongst the Company's employees. In particular, it will underline professional support for young people and women.

Each year, the Group conducts a staff review to identify promising, talented and high-performing employees and provide them with careers guidance. A review of female employees has already been organized.

Objective 3: encouraging gender equality in Group management and pursuing better employment conditions for women. In particular: at least 25% of managers hired in France in 2011, 30% in 2012 and 35% in 2013 will be women

In 2010, 22% of Group managers were women, with considerable disparities across countries and regions worldwide. The Group decided to set a higher recruitment target for female managers so that this percentage can increase.

In 2011, a guide detailing how to avoid hiring discrimination was distributed to all Human Resources Managers involved. The Group's recruitment partners (agencies) were also informed of the Group's stance. Mobility Committee processes were modified to increase the visibility of female candidates. The Group Human Resources Department has pledged that, wherever possible, at least one female candidate will be considered by mobility committees for each key position to be filled.

Legrand sought to expand its professional gender equality policy in 2012. A committee entitled "Elles By Legrand" chaired by the Group HR Director was set up. It coordinates the Group's gender equality policy and sends the applications of promising female candidates to mobility committees.

In 2012, the Group also continued its efforts to improve employment conditions through the signature of a Group agreement on professional equality between men and women in France. The agreement brings changes to the layout and organization of working hours and increased attention to women's careers. A national commission ensures its implementation through communication and training actions. This agreement is accompanied by special measures, targets and indicators that will result in concrete and pragmatic action plans. In addition, for the past four years, Legrand has endeavored to reduce the pay gap between men and women wherever it is found to exist. In France, a budget equivalent to 0.10% of payroll was spent in 2013 to reduce male/female inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism permitting employees to request a review of their working conditions (coefficient, compensation, career management) to ensure that these comply with the principle of non-discrimination.

In addition, four professional gender equality guarantors were appointed for France in 2012 to encourage respect for the Group's agreements and commitments. They have a mediation and advisory role, participate in the exchange of best practice, and must also ensure that no discriminatory situations arise in terms of hiring, vocational training, career paths and development, access for women to positions of responsibility, compensation policy, work/life balance and the organization of working time. The gender equality guarantors examined around 15 potential cases of discrimination in 2013, six of which resulted in adjustments being made.

Lastly, to make management more aware of the impact of stereotyping and gender equality issues, an ambitious training plan was approved in 2012 and implemented during the first quarter of 2013, providing training to all of the Group's 800 French managers.

Group employees set up a diversity network in early 2013. This is run by an external agency and is funded by the General Management. Issues such as career development, assertiveness, personal fulfillment and work/life balance are all covered by the network elle@legrand, which arranges mentoring, organizes conferences and liaises with other networks. At the end of 2013, the Group exceeded its target for hiring female managers in France, since 43% of new hires were women. In order to improve these results even further, Legrand decided to supplement its diversity indicators by monitoring the percentage of women holding key positions in the Group worldwide. These key positions are considered to have a significant impact on their entity's strategic orientations and results: subsidiary, industrial division, functional management. The management team positions at country, headquarters, departmental or divisional level, are considered to be key positions. At the end of 2013, 11% of these key Group positions worldwide were held by women *(to be noted, this rate has been established through the job positions rating methodology the Group deployed during 2013 which, therefore, does not allow a strict comparability with the 13% as communicated in 2012).*

Disability mission, for greater diversity

Alongside the goals laid down in the 2011-2013 roadmap, Legrand has special initiatives for people with disabilities, an area it has been actively involved in for many years.

In France, the actions set forth in the Group agreement on prevention and integration of disability signed in 2012 continued in 2013. This approach is a natural fit with the Group's commitment to disability: "Promote equal opportunities through an improved awareness of diversity in Human Resources management". This agreement proposes a hiring plan, an integration and training plan including adapted work stations, and a plan for retaining employees in the Company. The Company also set up a disability unit to raise awareness of the issues faced by disabled people both inside and outside the Company. The Group has a special relationships with the Limousin ESAT sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) and particularly with the APSAH association for the blind and disabled (*Association pour la Promotion Sociale des Aveugles et autres Handicapés*).

Access to employment and job retention involve everyone today, through the adaptation of work stations. For example, improvements were made at sites in France in order to accommodate people with disabilities: work station conversions, accessibility to premises, finance for hearing aids, etc.

The employment rate at Group level for people with a disability is 2.57%.

Actions were also taken to raise awareness among HR employees, thus improving the integration of people with a disability and furthering their career management and development and promotion prospects.

Each year, to mark the French disability awareness week, events are organized at the head office and elsewhere to change the perception of disability. Since 2010 for example, the physiotherapy-massage training institute of the APSAH has visited the Limoges site during Disabled Employment Week, and visually impaired students have offered stretching sessions to prevent musculoskeletal disorders.

Actions of this kind are also carried out in the Group's other countries, especially involving awareness actions on different disabilities. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

For the Group's corporate philanthropy in the area of disability, please refer to section 5.2.1.1. Shaping the dialogue with the Group's stakeholders – Relations with NGOs and associations.

5.4.2 - Increasing access to electricity

As the global specialist in electrical and digital building infrastructure, it is Legrand's belief that it should also strive to improve access to electricity for the greatest possible number of people, and thereby to help to reduce energy inequality throughout the world. Launched in 2013, the "Electricity for All" program provides the umbrella structure for all initiatives by the Group and its subsidiaries to promote access to electricity and counter energy poverty. It is fully aligned with Legrand's corporate strategy. Electricity for All enjoys the full support of the Group's senior management. Global in scope, it is steered by Legrand's Director of Sustainable Development and Strategic Processes. Electricity for All brings together a wide range of internal and external stakeholders, from the Group's employees to development aid NGOs.

The initiative structures all Group and subsidiary actions in this area around two pillars: increasing access to electricity and countering energy poverty.

In the knowledge that access to energy is crucial to achieving economic growth and reducing poverty in developing countries, Legrand is committed to improving access to electricity for everyone throughout the world. It seeks to provide simple and sustainable electricity, either through creating independent systems, or by connecting to the grid.

The 2011-2013 roadmap has formalized the Group's commitments to act for access to electricity, as part of emergency situations or development aid, through two targets:

2011-2013 targets	Target monitoring indicators	Group performance at the end of 2013 (measured over three years)
Strengthening the partnership with *Électriciens Sans Frontières*	Maintaining the number of promotional and feedback events	100%
Pursuing specific initiatives related to electrification programs	Number of subsidiary engagement/ information campaigns Survey of local actions	100%

5.4.2.1 STRENGTHENING THE PARTNERSHIP WITH *ÉLECTRICIENS SANS FRONTIÈRES*

Under the partnership agreement with the NGO *Électriciens Sans Frontières* and through donations of equipment or funds, since 2007 Legrand has contributed to the involvement of *Électriciens Sans Frontières* in over 90 electricity access or emergency aid projects in Africa, Asia and Latin America, with actions in over 20 countries (Argentina, Benin, Burkina Faso, Cambodia, Central African Republic, Congo, Ethiopia, Haiti, India, Laos, Madagascar, Mali, Mauritania, Nepal, Niger, Pakistan, Peru, Senegal, Sudan, Chad, and Vietnam).

Legrand's support also takes the form of the participation of our employees, who offer their individual or professional skills, working directly on the ground, or providing training or technical support.

These joint actions have helped 1.1 million* people get direct or indirect access to electricity. They focus on three major types of electrification project:

- educational establishments, to open access to multimedia technologies for inter-college communication, or the installation of security lighting to enhance safety at sites;
- hospitals, for safer surgery, refrigerated storage of vaccines, and medical consultations at night;
- entire villages, to improve the daily lives of families through sustainable access to electricity using renewable energy.

For example, since 2011, the Legrand Group has participated in the "Green energy to 24 villages in the Province of Phongsaly" project in Laos, in the form of financial contributions or donations of equipment. The main objective is to improve the daily lives of families through sustainable access to electricity using renewable energy. The project targets the poorest people in the province. Moreover, the transfer of skills that is an integral part of the project makes it possible for local populations to autonomously deploy simple hydroelectric solutions safely. One or two pilot installations are made per village and are intended for collective use by extremely poor families identified by village leaders. The choice to deploy the initiative in 24 villages made it possible to adapt the method and to ensure reproducibility. The core of the project is to share the skills and experience of *Électriciens Sans Frontières* in small-scale hydroelectric generation with groups of rice farmers in northern Laos.

In 2013, Legrand continued to support *Électriciens Sans Frontières* through 29 projects in 13 countries in Africa and Asia. These included: basic access to water and electricity for 15 medical centers in Ambalavao, Madagascar; power for schools in Haiti; water and electrification in Ayekoto and Ketu in southern Benin; lighting and water for Kpele Tutu Dawlotu in Togo; electricity for the Santa Maria Goretti school in Lagunas, Peru; access to electricity and water for medical centers in Nonghet, Laos. These initiatives consist, for example, of installing the wiring for photovoltaic plant (panels, controller, inverter and storage batteries) to generate the energy required, or interior electrical installations (classrooms, canteen, village community meeting rooms, teachers' accommodation, health center, etc.).

Since 2011, all the sales teams of Group brands have come on board to help finance two programs led by *Électriciens Sans Frontières*: "1,000 solar street lights installed in Haiti" and "Electricity for health and education in Africa". Numerous initiatives have been organized by the teams in support of these programs, including commercial operations with the sale of products for charity (with a portion of the proceeds going to the NGO) and promoting *Électriciens Sans Frontières* at trade fairs, sporting events (tournaments, marathon) and dinner receptions, as well as a concert, book fair and Haiti craft fair. All the proceeds from these initiatives were donated to *Électriciens Sans Frontières*. This helped to bring lighting to nearly 20,000 Haitians in 2011 and to finance electrification projects for schools and clinics, mainly in Burkina Faso, Togo, Senegal and Madagascar in 2012 and 2013. For example, the money raised from the concert held for the third consecutive year helped to finance an *Électriciens Sans Frontières* project in Madagascar and aimed to improve the water and electricity supply for two crèches in Malaza and Laniera, on the outskirts of the capital Antananarivo.

In 2013, 10 operations took place involving some 160 people from Legrand's sales teams, as well as the Group's distributors and installers.

Subsidiaries in other countries will provide logistical and organizational support to the volunteers working for *Électriciens Sans Frontières* whenever possible. This may take the form of delivering equipment or loaning premises for training. In 2012, Legrand Middle East welcomed the French NGO to provide specific training for logistics managers of humanitarian organizations working in refugee camps. Logisticians with the WAHA International(1) NGO and the Red Crescent(2) received training in installing and operating generators and solar panels. The subsidiary provided space for the NGO at its Innoval Dubai training center, with additional storage for the generators at its warehouses. Legrand made the most of the opportunity provided by this initiative to educate local teams in Sustainable Development issues, particularly through a presentation on the work of *Électriciens Sans Frontières* throughout the world at the end of the training program.

In 2013, the Philippine subsidiary provided material and logistical support for *Électriciens Sans Frontières* following Typhoon Haiyan, which devastated the islands in early November. Teams of volunteers from the NGO were involved, in partnership with *SOS Attitude*, installing generators at an IOM (International Organization for Migration) camp with 140 tents in order to provide lighting for key areas (sanitary facilities) and communal living areas until mains power is reconnected. Solar street lights have also been installed at meeting points and playgrounds in the camp. Legrand met volunteers from *Électriciens Sans Frontières* and *SOS Attitude* in Manila and arranged their air and road transport to Guiuan. Legrand also assisted with the consignment by truck and ferry of the equipment needed for the camp's electrification (10 generators, 2,000 meters of cable, lighting,

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

(1) *NGO working to improve maternal health in disadvantaged communities.*

(2) *The international Red Cross and Red Crescent movement is the world's largest network of humanitarian organizations.*

sockets for phones, radios, etc.) and the fuel supply for trucks and generators on-site as well as food for the teams.

In 2013, the Group's Turkish subsidiary, Inform, supplied solar kits to provide lighting for Syrian refugee camps with the help of *Électriciens Sans Frontières*.

5.4.2.2 PURSUING SPECIFIC INITIATIVES RELATED TO ELECTRIFICATION PROGRAMS

As part of the "Electricity for all" program and with the support of its subsidiaries, the Group supports electrification projects, develops innovative products to meet the basic needs of target populations and designs solutions to improve access to electricity, while reducing energy consumption. This program focuses on two main levers: solidarity partnerships with people on the ground and a specific innovation policy.

Solidarity partnerships

In addition to the Group's privileged partnership with *Électriciens Sans Frontières*, its subsidiaries are regularly involved with development and emergency aid charities.

In Australia, the subsidiary HPM-Legrand and its employees raised money for Oxfam by taking part in the "Trailwalker" hike north of Sydney. This international solidarity NGO is recognized for emergency aid and long-term development programs in vulnerable communities.

In India, the subsidiary and its employees raised money for the Confederation of Indian Industry, CII, for a project to rebuild schools in Tehri Garhwal following the massive flooding of the rivers Alakhnanda and Bhagirathi, triggering landslides that killed over 20,000 people and causing widespread damage to properties in the five districts affected – Rudraprayag, Chamoli, Uttarkashi, Pithoragarh and Tehri Garhwal.

In Colombia, Legrand is a member of the Board of Directors of the Asoalamos Association, which includes executives from the top companies in the region. This association forges close ties with the local community, and some government agencies (Civil Defense, Local Mutualized Aid Committees, local municipalities, etc.) to implement measures aimed at the community, through, for example, a "Safety Committee", an "Environmental Affairs Committee" etc.

In Korea, the Group supports Unicef, the humanitarian association for the survival and protection of children worldwide.

Research and "frugal" innovation

Legrand's Design Department has been working on a research program for several years now, which focuses on emerging countries and is based on observation of the constraints and customs in the Indian market. In view of the needs in India, particularly in rural areas, Legrand devised a unique solution for connecting to the power grid, allying simplicity, safety and flexibility. The equipment ranges from a socket for a lamp to a full electrical installation, with several lighting sources and a number of connections in the house. Users can add to the installation as their needs and resources change to gradually customize the electrical installation in the home.

Legrand and *Électriciens Sans Frontières* also organize days focused on discussing the needs of local populations in terms of access to electricity and examining possible innovations to meet these needs. By way of example, Legrand and *Électriciens Sans Frontières* worked together to adapt standard equipment to run on lower power output than the norm, particularly for photovoltaic panel protection devices installed by the NGO as part of electrification programs for remote areas. The advantage of these workshops is two-fold: *Électriciens Sans Frontières* gains valuable benefits for its projects, while Legrand gains momentum to continue its innovations and develop appropriate solutions.

Some products dedicated to the entry-level market are currently marketed in Brazil and China. These solutions directly contribute to facilitating access to electrical equipment among the poorest populations.

In Brazil, Legrand launched its Zuli range under the Lorenzetti brand at the end of 2011. Positioned at the low end of the price range, this easy-to-use product line was designed specifically for small residential projects where the requirements are limited to basic functions. The product line features several innovations. The function is built in to the device and users can combine a number of ready-to-install packages. These product features correspond exactly to the needs of this local market, without compromising on either quality or safety. Legrand's aim in developing this product range is to provide the best solution for social housing projects, notably in the context of the "Minha Casa Minha Vida" initiative, set up to address the housing shortage in Brazil.

Legrand launched several product ranges in China in 2011, including Yi Pin and K2 for the government's new "Social Housing Project" designed to facilitate access to affordable housing. Legrand's objective was to position itself to offer competitive devices, in line with the budgetary constraints of these new social housing projects, while emphasizing the quality of its products. The Yi Pin and K2 ranges target a new type of low-income user, allowing Legrand to penetrate a new, more economical business segment. TCL-Legrand International Electrical Co., Ltd., the Group's Chinese subsidiary, was awarded the distinction of Excellent Supplier for "Social Housing Projects" in 2012 by the Organizing Committee of the Chinese forum for the development of the electrical construction industry.

05

In 2013, Legrand continued its commitment to entry-level markets in emerging countries. In India, the Group's subsidiary IndoAsian launched a new range of devices, Glint, in 2013, mainly aimed at residential projects, and meeting the specific budgetary constraints of this market. These solutions, which incorporate the basic functions of the devices, while combining quality workmanship and affordable prices, help to spread safe and high-quality products in a country still very much affected either by the absence of electrical installations or by installations that are often old and rudimentary.

5.4.3 - Promoting assisted living

Life expectancy is rising, and with it the proportion of elderly people in the world population. In 2050, the world's population will have more than three times as many octogenarians as in 2013 (source: UN). In the countries where this trend is most marked, safety at home and the prevention of domestic accidents are major issues.

To respond to these societal changes, which pose new challenges for electrical and digital infrastructure, the Group is involved in promoting assisted living and home care in a partnership structure.

Legrand's solutions for assisted living for elderly people or people with health problems work on three levels: prevention of dependence and risk, emergencies and communication, and strengthening social ties.

5.4.3.1 PROVIDING SUPPORT AND PREVENTION SOLUTIONS

Legrand offers an extensive range of ergonomically designed, user-friendly products that provide practical solutions to ease access and increase safety in homes, specialized institutions and other buildings, by helping to offset sensory, cognitive and motor deficiencies. Legrand has developed a range of specific products such as easy-fit-sockets, door-entry systems with induction loops to boost doorbell and intercom ring volumes, and automatic lighting paths to help prevent falls, etc. This range of products to enhance the quality of life of elderly people is complemented by the telesupport terminals marketed by the French subsidiary Intervox Systèmes, and through the solutions marketed by the two recent acquisitions made by the Group: Tynetec (UK) and Neat (Spain).

Guaranteeing the safety of vulnerable people

In these diverse ranges, Legrand develops everyday products that can be accessed and used by the greatest number of people, for example, switches and sockets designed to be easy to use It also develops solutions making obstacles easier to see, making it easier to find one's way in a building and prevent falls. With the aid of secure lighting systems, in the event of a power failure there is still enough light inside the house or building to allow safe movement in all situations. Several experiments, including those conducted with the Corrèze General Council, showed that the installation of the automatic lighting path solution led to a significant reduction in falls (up to 30%) and hospitalizations (up to 20%).

Safety at home also requires the use of technical sensors, including smoke, gas, and carbon monoxide detectors.

Home automation products in particular can provide precious assistance for people with diminishing capacities for independent living. Automatic systems can make it safer for them to get around and reduce or help in daily tasks. The *My Home* automation solutions offer centralized or remote controls.

Facilitating access to functions

Home automation thus allows "extended accessibility" to certain features of the building that would no longer be accessible without the help of automatic controls, such as roller shutters or heating. For instance, Céliane scenario switches and Bticino door-entry systems make it possible to program home environments from a single control point, with lighting, hearing and access set to match personal needs and preferences. This automatic management of certain tasks further strengthens housing safety. For example, in the event of smoke detection, transmission of the alert to the outside world and the activation of certain features (lighting, shutters, etc.) are automatic and appropriate.

These home automation solutions are often supplied with specially adapted fittings, such as soft-touch switches and easy-fit-sockets that require no effort or complex gestures to turn on the lights. Céliane systems can also be coupled with remote control systems to offset specific motor or sensory deficiencies.

Facilitating interaction with the social environment

Enabling people with health problems to stay at home also requires facilitating communication with the outside world. Transmission of housing aspects through the home automation features also means direct or indirect transmission of information about the person occupying it.

For example, a simple smoke detector not connected with the outside world will not allow a person with health problems to respond appropriately in an emergency. Automatic transmission to the outside allows a helpline to take over and manage the alert from a distance in a controlled manner. Through alarm devices worn by the person him- or herself, the solutions of the subsidiary Intervox Systèmes also make it possible to set off a voluntary or automatic alarm (fall sensor) and send a transmission to a remote support center, in the event of illness, for example.

Strengthening social ties is also indispensable as part of home health care.

Access to broadband Internet makes it possible to upgrade remote assistance technology solutions. Assistance of this kind is historically based on the transmission of the voice, but data transmission is now possible, thus opening the door to multiple additional services.

Connected solutions from subsidiary Intervox Systèmes are evolving alongside these technologies, through the offer of VISIOVOX videophone touch pads, which allow access to services (such as weather, newspapers, shared calendars, shared photo frames, and information from local authorities, etc.) and maintaining contact with friends and family.

In 2013, the Group strengthened its position in the telecare market with the acquisition of Tynetec, a British company specializing in systems for assisted living and whose offer, in particular in terms of access control, is perfectly in line with offers already proposed by the Group in the UK and elsewhere, relating to these functions.

In early 2014, Legrand pursued its expansion on the assisted living market by concluding a joint venture agreement with the Spanish-based company Neat.

5.4.3.2 INVOLVEMENT OF MANY PARTNERS

Legrand has for a number of years been involved in initiatives favoring independence and continued life at home for people who require assistance. The Company takes an approach that associates multidisciplinary expertise with a range of partnerships including the direct participation of users, families, health care and welfare professionals, and research organizations. Legrand, which is currently the leader in home automation solutions for assisted living, is a founding member of Autonom'lab, a usage laboratory in the Limousin region, built on the European Living Labs model. It is also a founding member of the *Centre National de Référence* for health and home-living set up in 2009 by France's Ministries of Health and Industry. Alongside its partners, Legrand is involved in a wide variety of research and development projects. These include Geropass, a project headed by a group of geriatricians that focuses on outfitting homes with automated equipment to meet the needs of elderly residents in real estate developments. Legrand is also heading the Icarus project as part of the French government's request for proposals on e-health. The project, which involves the Department of Health, Limoges University Hospital and APHP (Public Hospitals of Paris), as well as several public and private partners, is aimed at the large-scale deployment of home automation and advanced telecare packs for 2,000 households and at measuring the impact of these solutions on health economics.

Legrand's partnership with the Creuse General Council dates back several years and embodies its close involvement with France's municipalities and its nationwide reach. It focuses on two priorities:

- helping to train the participants (electricians, support teams, home visitors, etc.) who work for the Creuse General Council;
- support by Legrand for implementation of the products.

In 2013, Legrand was involved, together with the French government, in the creation of the Silver Economy, which brings together large corporations, SMEs and innovative start-ups. Legrand's Chairman and Chief Executive Officer has been appointed Vice-Chairman and coordinator of the Silver Economy "Industry of the Future" committee, responsible for organizing and coordinating the sector. The committee brings together companies, trade federations, competitiveness clusters, government departments, financial institutions and actors involved in long-term care and welfare. It is tasked with examining proposals from industry stakeholders and is now overseeing the implementation of concrete actions by public and private-sector operators aimed at developing the market.

Legrand was also a preferred partner at the Silver Economy Expo, the leading trade fair for the ageing population.

Finally, as part of a collaboration with one of its main distributors, the Group has established a network of "Well-Being" electrical contractors to train qualified installers in terms of knowledge of age-related risks and adaptation of housing in terms of safety and prevention. Accordingly, Legrand encourages the electrical industry to invest in the assisted living market and improved housing for the elderly. This approach complements the remote assistance solutions proposed to local authorities and individuals.

5.4.4 - Overview of social indicators

Two reporting tools are deployed in the Group to collect, administer and manage social and prevention-related data:

- a dedicated computer application for social data;
- a special software package available on the Group intranet site for prevention data.

Both applications include a general overview document for the reporting process and a user guide. Online help and data consistency checks and mandatory comments are included for these applications as support for qualitative data entry for these entities.

For more information regarding rules for the integration of new acquisitions into the reporting process, please refer to section 5.1.4. of this Registration Document.

5.4.4.1 HEALTH AND SAFETY INDICATORS

The table below summarizes the main health and safety indicators for the Group. The data presented correspond to the prevention scope of reporting, which covers all Group employees excluding acquisitions under three years, in accordance with the integration rules described in section 5.1.4 of this Registration Document, or 28,016 people at the end of 2013.

	2011	2012	2013
Risk control: (% of Group workforce for whom risk indicators are consolidated)	99.9%	99%	99.9%
Risk assessment: (% of Group workforce within the scope of formal risk assessments)	90.3%	86.5%	79.9%
Health and Safety Committees: (% of Group workforce represented by a Committee)	90.8%	82.5%	91.9%
Workplace health: (Number of people who have had a (para)medical review within the last five years)	69%	64.2%	73.8%
Frequency of workplace accidents leading to absence: (Number of accidents x 1,000,000)/(Hours worked)	8.64	7.72	8.37
Severity of workplace accidents: (Number of days absence x 1,000)/(Hours worked)	0.24	0.23	0.22
Frequency of accidents suffered by subcontractors: (Number of subcontractor accidents occurring on a Group site x 1,000)/ (Number of employees on the Legrand site in question)	1.14	1.76	2.86
Training: Number of health & safety training hours per person	2.1	3.1	3.3
Work-related illnesses (Number of recognized work-related illnesses)	132	73	62

Additional comments:

- the proportion of the workforce for whom risk indicators are consolidated corresponds to all employees covered by prevention reporting, with the exception of a few cases of isolated or seconded employees;
- the decline in the proportion of employees covered by a risk assessment is mainly due to the increase in Group standards concerning the methods used by the entities to assess these risks. Training actions and the gradual introduction of a Group standard in this area should improve the situation;
- better communication in 2013 has led to an improvement in results for (para)medical reviews;

- following a sharp drop in the incidence of lost-time accidents in 2012, 2013 saw a decline in performance, bringing the Group to a level similar to 2011 on a comparable basis. The two main reasons for this trend are:
  - changes to the rules on computing accidents to include those that were not previously recognized by local authorities, particularly in Asia (impact estimated at 0.15 points),
  - improved reliability of the "Hours worked" figure, which is calculated by taking more absences into account, particularly in Asia and Latin America and in the United States (impact estimated at 0.35 points).

  Adjusted for these items, the incidence of work-related accidents totaled 7.87 at the end of 2013, against 7.72 at the end of 2012. In the light of these results, the Group plans to step up its deployment of prevention methods and resources, including specific action plans within subsidiaries that are the highest contributors to this accident rate;
- the severity rate has been steadily improving for the past two years. This positive trend is supported by analyzing changes in average lost time per accident, which fell from 29,8 days in 2012 to 26,6 days in 2013. Moreover, no fatal accident involving Legrand employees was reported in fiscal year 2013;
- the rise in accidents among subcontractors primarily concerned certain sites in France, Brazil, Colombia and Mexico. Specific training programs will be rolled out in 2014 to improve these results. The strict enforcement of the rule on including all accidents, however minor, had a negative impact on this indicator;
- there is a positive training dynamic since the average number of training hours per person has improved over the past three years, reflecting the Group's commitment in this area;
- the incidence of work-related illness has declined steadily for the past two years.

5.4.4.2 SKILLS MANAGEMENT AND MOBILITY INDICATORS

Group workforce at the end of 2013

The Group specifically applies the concept of "registered workforce", which includes employees with both fixed-term and open-ended employment contracts. The total registered workforce at the end of 2013 amounted to 33,272 people.

The table below gives the average size of the workforce, including temporary staff, employed by the Group in 2013, 2012 and 2011. The table summarizes the breakdown by region and by operating sector.

	2011	2012	2013
TOTAL NUMBER OF EMPLOYEES *(ANNUAL AVERAGE)*	**33,512**	**35,250**	**35,869**
By geographical location:			
France	6,554	6,250	6,035
Italy	3,043	2,954	2,837
Rest of Europe	5,857	5,653	5,575
United States and Canada	2,573	2,594	2,629
Rest of the world	15,485	17,799	18,793

	2011 Of which Back Office	2011 Of which Front Office	2012 Of which Back Office	2012 Of which Front Office	2013 Of which Back Office	2013 Of which Front Office
TOTAL NUMBER OF EMPLOYEES *(ANNUAL AVERAGE)*	**81%**	**19%**	**80%**	**20%**	**81%**	**19%**
By geographical location:						
France	86%	14%	85%	15%	85%	15%
Italy	82%	18%	82%	18%	82%	18%
Rest of Europe	78%	22%	77%	23%	77%	23%
United States and Canada	79%	21%	79%	21%	79%	21%
Rest of the world	80%	20%	80%	20%	81%	19%

The tables below summarize the main indicators for the Group in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 95.8% of the overall workforce, or 31,874 people. Note that HR reporting does not include acquisitions completed in 2013.

Working hours – Worldwide

	2011	2012	2013
% of employees working full-time	-	97.5%	97.7%
% of employees working part-time	-	2.5%	2.3%

Additional note: the definition of full-time and part-time is given in the HR reporting user guide. The related indicators were included in HR reporting in 2011.

Absenteeism by job category – Worldwide

	2011	2012	2013
Blue collar category	4.41%	4.50%	4.13%
Other categories	1.85%	1.48%	1.82%
TOTAL	**3.21%**	**3.00%**	**2.98%**

Additional note: in 2012, a new definition and unified calculation method was implemented to enable the data to be compared. Absences to be taken into account are absences because of illness (including work-related illness), accidents at work, accidents during commuting and unexcused absences.

Excluded are days of temporary layoff, disciplinary suspension, strikes, maternity leave, absence for family events (legal or under agreements) and statutory holidays or unpaid leave.

The absenteeism indicator covered 92% of staff at the end of the HR reporting year.

Social dialogue and freedom of association – Worldwide

	2011	2012	2013
% of employees covered by a collective bargaining agreement and/or convention	57%	55%	54%

Additional note: the percentage of employees covered by a collective bargaining agreement is the percentage of the total workforce at the year-end, for the HR reporting scope.

Restructuring and reorganization – Worldwide

	2011	2012	2013
% of reporting scopes with consultation rules	-	22%	25%

Additional note: the consultation rules indicator was included in HR reporting in 2012.

25% of reporting scopes (or reporting entities) have a statutory minimum notification period (provided for by law or in collective bargaining agreements). This relates mainly to countries in mature economic areas.

Compensation – Worldwide

	2011	2012	2013
% of non-managers on minimum wage	-	2%	2%

Additional notes:

- *14 reporting scopes have employees on minimum wage.*
- *This indicator covers 98% of Group's non-managers headcount.*

Note: the average entry-level wage in the Group in 2013 was 18% above minimum wage.

Compensation by gender and occupational category – Worldwide

	2011	2012	2013
Wage gap between male and female managers	-	14%	16%
Wage gap between male and female non-managers	-	18%	17%

Additional note: calculation of the wage gap between men and women, for both non-managers and managers, is based on the weighted workforce in each reporting scope.

With respect to the wage gap for non-managers, note that Legrand's industrial operations are assembly labor intensive. These workshops are essentially staffed by women and the qualification level required is low. Concerning the wage gap for managers, note that these jobs are essentially staffed by men, the explanation for which lies in the nature of the Group's engineering businesses (electronic, electrotechnical and electromechanical fields), and its sales and marketing activities (sales engineers). Pay for these jobs is above the average in the Company.

Geographical breakdown of workforce

	2011	2012	2013
Mature countries	45%	44%	40%
New economies	55%	56%	60%
TOTAL	**100%**	**100%**	**100%**

Additional note: the breakdown covers 100% of employees with fixed-term or open-ended employment contracts (registered workforce).

Breakdown by professional category – Worldwide

	2011	2012	2013
Managers	22%	25%	25%
Non-Managers	78%	75%	75%

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

Breakdown by seniority – Worldwide

	2011	2012	2013
Seniority < 5 years	26%	25%	25%
Seniority ≥ 5 years and < 16 years	36%	39%	40%
Seniority ≥ 16 years and < 26 years	23%	22%	22%
Seniority ≥ 26 years and < 36 years	11%	9%	9%
Seniority ≥ 36 years	4%	5%	4%

Note: Data for the breakdown by age were based on employees with fixed-term or open-ended employment contracts.

Breakdown by age – Worldwide

	2011	2012	2013
Employees < 26 years	12%	11%	10%
Employees ≥ 26 years and < 36 years	30%	30%	31%
Employees ≥ 36 years and < 46 years	30%	30%	30%
Employees ≥ 46 years and < 56 years	21%	21%	21%
Employees ≥ 56 years	7%	8%	8%

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

Breakdown by type of contract

	2011	2012	2013
Open-ended Worldwide	78%	79%	81%
Fixed-term Worldwide	22%	21%	19%

Additional note: it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a common local practice.

Developments during 2013 (hirings and departures) – Worldwide

	2011	2012	2013
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding amending of fixed-term into open-ended contracts)	23%	29%	42%
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	22%	22%	17%
Open-ended contract turnover	11%	13%	12%

In 2013:

- *the total number of hires was 5,307;*
- *the number of open-ended contracts among hirings on open-ended and fixed-term contracts represented a total of 2,245;*
- *the number of fixed-term contracts transformed into open-ended contracts represented a total of 453.*

The "open-ended contract turnover" takes into account resignations, retirements, dismissals for personal reasons, redundancies for economic reasons, departures by stipulated agreement, employees with an open-ended contract not remaining in the company at the end of their probationary period, and other reasons (according to the methodology recommended by the GRI). This "open-ended contract turnover" indicator is calculated based on the total number of terminated open-ended contracts divided by the open-ended contract workforce at the beginning of the year.

Moreover, it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a current local practice.

Departures*	2011	2012	2013
Of which resignations	42%	36%	42%
Of which retirement	6%	6%	7%
Of which other departures	52%	58%	51%
TOTAL	**100%**	**100%**	**100%**

* *Additional note: The data relating to departures include open-ended contracts. The "other departures" indicator takes into account conventional agreements, dismissals for personal reasons and for economic reasons, employees with an open-ended contract not remaining in the Company at the end of their trial period, and various other reasons.*

For 2013, total number of departures was 6,234, for all reasons and all types of contracts combined (out of which, 21% refer to dismissals for personal reasons, redundancies for economic reasons, and fixed-term contracts broken by the employer before the pre-determined term). Out of that total, 3158 departures concerned open-ended contracts; 3076 departures concerned fixed-term contracts, out of which 80% took place within Group's Chinese entities considering the high proportion of fixed-term contracts in China. To be noted, 82% of departures with fixed-term contracts took place at the employee's initiative.

Hirings by gender – Worldwide

	2011	2012	2013
Percentage of women among persons hired	51%	55%	51%
Percentage of men among persons hired	49%	45%	49%

Additional note: these figures take into account open-ended and fixed-term contracts, excluding fixed-term contracts transformed into open-ended contracts.

Skills management and mobility

The tables below summarize the main Group indicators in terms of skills management and mobility. All data are reported at current scope of consolidation.

Number of training hours per employee per year – Open-ended and fixed-term contracts

	2011	2012	2013
Worldwide	14 hours	14 hours	14 hours
Managers	20 hours	18 hours	19 hours
Non-managers	12 hours	12 hours	12 hours

Performance rate of Individual Appraisal Reviews – Worldwide

	2011	2012	2013
Managers	82.5%	80%(1)	89%

(1) Data adjusted since the 2012 Registration Document (70%) following an error in the scope of consolidation used.

Please refer to section 5.4.1.2. of this Registration Document for more information about this indicator.

5.4.4.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. All data are reported at current scope of consolidation.

Percentage of disabled workers – Worldwide

	2011	2012	2013
Percentage of disabled workers	2.4%	2.55%	2.57%

Additional note: This indicator is calculated for entities that have been with the Group for more than three years.

For France, the rate for disabled workers was 7% at the end of 2013, above the legal minimum of 6% (as provided by law, including subcontracting with the protected sector). To be noted: this data is computed based on 94% of the workforce in France.

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

	2011	2012	2013
Women	39%	38%	36%
Men	61%	62%	64%

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

	2011	2012	2013
Female employees < 26 years	6%	6%	5%
Male employees < 26 years	5%	5%	6%
Female employees ≥ 26 years and < 36 years	12%	12%	11%
Male employees ≥ 26 years and < 36 years	18%	19%	20%
Female employees ≥ 36 years and < 46 years	10%	10%	10%
Male employees ≥ 36 years and < 46 years	20%	19%	20%
Female employees ≥ 46 years and < 56 years	8%	8%	7%
Male employees ≥ 46 years and < 56 years	13%	13%	13%
Female employees ≥ 56 years	3%	3%	3%
Male employees ≥ 56 years	5%	5%	5%

Additional note: at end 2013, the average age of male employees is 39.67 years old and 38.98 years old for female employees.

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

	2011	2012	2013
Percentage of female managers	22%	22%	21%
Percentage of male managers	78%	78%	79%
Percentage of female non-managers	44%	44%	41%
Percentage of male non-managers	56%	56%	59%

5.5 - REPORT OF THE STATUTORY AUDITORS

Report of the Statutory Auditors, appointed as independent third-party entities, on the review of consolidated environmental, labour and social information published in the management report

Year ended December 31, 2013

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the attention of the Shareholders,

In our capacity as Statutory Auditors of Legrand SA, and designated as independent third-party entities, whose certification requests have been approved by the French National Accreditation Body (COFRAC), we hereby present you with our report on the consolidated environmental, labour and social information presented in the management report (hereinafter the "CSR Information") prepared for the year ended December 31, 2013, pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a management report including the CSR Information provided by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by the company (the "Guidelines") and of which a summary is included in the sections "5.1.4 – A commitment to continuous improvement", "5.3.4 – Overview of environmental indicators", "5.4.4.1 Health and safety indicators" (paragraph "Additional comments") and "5.4.4.2 Skills management and mobility indicators" (paragraphs "Additional notes") of the management report, and available on request from the Sustainable development & Strategic Processes Team.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITORS

Based on our work, our responsibility is:

- to certify that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material respects, in accordance with the adopted Reporting Criteria (Reasoned opinion on the fair presentation of the CSR Information).

Our work was carried out by a team of about ten people between October 2013 and February 2014, for a period of around ten weeks. To assist us in conducting our work, we referred to our corporate social responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the formed conclusion on the fair presentation of the Information, with the ISAE (International Standard on Assurance Engagements) 3000[1].

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

1. Statement of completeness of the CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

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

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological memo paragraph presented in the chapter 5.1.4 of the management report.

Based on our work and considering the limitations mentioned above, we certify that the required CSR Information is presented in the management report.

2. Reasoned opinion on the fair presentation of the CSR Information

Nature and scope of procedures

We conducted around fifteen interviews with about fifteen people responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we considered to be most important (detailed in appendix 1):

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selected (detailed in appendix 2) according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 33% of the Group headcount and between 19% and 38% of the quantitative environmental information.

Regarding the other consolidated CSR information, we assessed its consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material irregularity be identified in the CSR Information cannot be totally eliminated.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Signed in Neuilly, March 5, 2014

Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit
Jean-Marc Lumet	Édouard Sattler

Appendix 1: List of information that we considered to be most important

Quantitative information related to health and safety:

- frequency of workplace accidents leading to absence and severity of workplace accidents;
- work-related illnesses;
- percentage of disabled workers.

Other quantitative labour information:

- number of employees and breakdown by age, gender, occupational category and geographical location;
- percentage of female managers and percentage of female non-managers;
- departures (of which resignations, retirement and percentage referring to dismissals for personal reasons, redundancies, and fixed-term contracts terminated by the employer before the pre-determined term);
- hiring (portion of permanent contracts);
- number of training hours per employee per year;
- absenteeism by job category;
- percentage of non-managers on minimum wage;
- wage gap between male and female managers.

Quantitative environmental information:

- percentage of ISO 14001 certified sites;
- water consumption;
- direct energy consumption;
- indirect energy consumption;
- total CO_2 emissions for scopes 1 and 2 of the carbon footprint;
- volatile Organic Compounds (VOCs) emissions;
- waste produced;
- percentage of waste reclaimed.

Qualitative information:

- state of achievement of 2011-2013 CSR roadmap targets;
- risk prevention and management related to health and safety at work;
- skills management and mobility, social dialog conditions;
- policy to fight against discrimination and promote diversity, relationships with stakeholders;
- fight against corruption;
- inclusion of suppliers in the group's CSR policy;
- development of products with high environmental performance.

Appendix 2: sample of selected sites

Quantitative information related to health and safety:

Italy Bticino (Italy), Limousin (France), Scarborough (UK), Beijing LBE (China), Nashik (India), Sinnar (India), Legrand Hungary (Hungary), Concord P&S (USA)

Other quantitative social information:

Italy, France, UK, India, Hungary, China (Rocom) – hiring and departures

Quantitative environmental information:

Fontaine-le-Bourg (France), Malaunay (France), Sillé-le-Guillaume (France) – electricity consumption, Verneuil (France), Scarborough (UK), Beijing (China), Nashik (India), Sinnar (India), Varese (Italy), Szentes Kontavill (Hungary), Rocom (China) – VOC emissions, Concord P&S (USA)

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

06

6.1 - PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 9 of this Registration Document. Financial statements of the Company have been prepared in accordance with IFRS and IFRIC interpretations as adopted by the European Union. The following information includes forward-looking statements based on estimates relating to the future activity of Legrand and which may differ materially from actual results.

All percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

6.2 - 2013 HIGHLIGHTS

In 2013, the Group's consolidated sales totaled €4,460.4 million compared with €4,466.7 million, down 0.1% from 2012. Changes in scope of consolidation accounted for +2.4%, organic growth +0.5%, and exchange rates -3.0%.

Throughout 2013, successful new-product launches helped strengthen Legrand's market positions in many countries. Over the same period, deployment of Legrand ranges with retail distributors and in lighting stores in the United States/Canada region contributed to total sales moving past the $1 billion mark in this region.

Adjusted operating income came to €882.3 million for the year, a rise of 0.9% from €874.4 million in 2012.

Thanks to:

- solid fundamentals: strong market positions, an overall balance of sales and costs in currencies;
- differentiated performance management from one country to the other, depending on market conditions: cost adaptation in countries marked by an unfavorable environment, and allocation of resources in expanding economies to capture growth and develop new market positions; and
- ongoing productivity initiatives (product platforms, lean production, etc.);

adjusted operating margin before acquisitions[(1)] rose 0.5 point from 2012 to stand at 20.1% of sales in 2013. Including acquisitions, adjusted operating margin is 0.2 point higher than in 2012 at 19.8% of sales in 2013.

Net income excluding minority interests reached a record high of €530.5 million in 2013, a 4.9% increase over 2012.

Free cash flow stood at €563.2 million and 12.6% of sales thanks to a robust operating performance and rigorous management of capital employed. Normalized free cash flow[(2)] stood at 13.2% of sales in 2013.

Since January 2013, the Group has announced six external growth operations representing total annual acquired sales of nearly €200 million.

(1) At 2012 scope of consolidation.

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

6.3 - OPERATING INCOME

6.3.1 - Introduction

The Group reports its finances and results of operations on the basis of five geographic zones corresponding to the zone of origin of the products sold. Information relating to the results of operations and finances for each of these five geographic zones is presented for the years 2013 and 2012 in note 24 to the consolidated financial statements shown in chapter 9 of this Registration Document. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets. These five geographic zones are:

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

Since local market characteristics are the determining factor in the Company's performance and net sales by zone, consolidated financial information for multi-country zones does not always accurately reflect the financial performance of each national market. In fact, operations in the Group's geographic zones vary significantly from one country to the next. Furthermore, products may be manufactured and sold locally, or instead be imported from or exported to another member of the Group. These factors may distort the comparison of the results of the various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results hereafter focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

6.3.2 - Factors that affect the results of operations

6.3.2.1 NET SALES

Markets in the countries and regions in which Legrand operates have different characteristics, essentially as a result of local economic conditions and standards of living, which affect the level of renovation and new construction of homes, stores and office buildings, as well as the level of investment in industrial facilities. Underlying demand is also linked to the rate of real-estate turnover, since newly acquired properties are frequently renovated or refurbished.

Changes in consolidated net sales principally reflect the following factors:

- changes in sales volume (i.e., the number of products sold in each period) due to changes in product demand and business levels in all markets;
- product mix;
- changes in sales prices (including quantity discounts and rebates, cash discounts for prompt payment, general price changes relating to local market conditions, and specific price changes, such as those designed to pass on inflation in all costs);
- fluctuations in exchange rates between the euro and the different billing currencies, which affect the level of consolidated net sales after conversion; and
- changes in the subsidiaries consolidated by Legrand, mainly as a result of acquisitions or disposals (which are referred to as "changes in the scope of consolidation").

The table below presents a breakdown by geographic zone of the Company's consolidated net sales (by destination: market where sales are recorded) for the years ended December 31, 2013 and 2012. Sales "by destination" means all sales by the Group to third parties in a given geographic market.

	Legrand Year ended December 31			
	2013		2012	
(in millions of euros except %)	€	%	€	%
Net sales by destination				
France	935.2	21.0	954.9	21.4
Italy	482.2	10.8	545.6	12.2
Rest of Europe	818.3	18.3	821.6	18.4
United States and Canada	758.6	17.0	739.5	16.5
Rest of the World	1,466.1	32.9	1,405.1	31.5
TOTAL	**4,460.4**	**100.0**	**4,466.7**	**100.0**

6.3.2.2 COST OF SALES

Cost of sales consists primarily of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 66% of consolidated cost of sales over the last two financial years. Likewise, on average approximately 69% of the cost of raw materials and components relates to components and semi-finished goods, and approximately 31% relates to raw materials. The breakdown between raw materials, components and semi-finished products varies according to the product mix, trends in market prices and choices in industrial organization, in particular with the systematic application of a "make or buy" approach to all projects.

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

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

Other items included in production costs are:

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

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

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of the specific technology, raw materials and other components needed to manufacture a given product;
- initiatives to improve operating efficiency, including the implementation of measures to improve productivity (in particular through deployment of "lean manufacturing" initiatives) and the optimization of inventory management;
- effective purchasing following deployment of the cost-reduction policy through the centralization, internationalization and standardization of purchasing management at Group level;
- product life cycles, insofar as the Company typically incurs higher production costs associated with surplus manufacturing capacity during the initial stages of product launches and when Legrand is phasing out products from its catalogs;
- changes in the prices of raw materials, components and semi-finished goods due to local or global economic conditions; and
- trends in inflation for other cost components (salaries, energy, etc.).

6.3.2.3 ADMINISTRATIVE AND SELLING EXPENSE

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

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

6.3.2.4 RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense consists principally of the following:

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

6.3.2.5 OTHER OPERATING INCOME AND EXPENSE

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

6.3.2.6 OPERATING INCOME

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

6.3.2.7 NET FINANCIAL EXPENSE AND EXCHANGE GAINS AND LOSSES

Net financial expense principally corresponds to financial expense related to the 2011 credit facility; Yankee bonds; the 2010, 2011 and 2012 bond issues, and other bank borrowings (for a description of these arrangements, see paragraph 6.5 of this chapter), less financial income arising from the investment of cash and cash equivalents.

Exchange gains and losses correspond mainly to translation differences recognized on settlement of foreign currency transactions as well as the translation impact at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies. For more details, investors should consult notes 2.3 and 19.1 to the consolidated financial statements referred to in chapter 9 of the present Registration Document.

6.3.2.8 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

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

6.3.2.8.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income only for the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (i.e., excluding the effects of the acquisition) takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the entity.

6.3.2.8.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (i.e., excluding the effects of the acquisition) takes into account the sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the previous year during which it was not consolidated.

6.3.2.8.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope (i.e., excluding the effect of disposals) does not take into account the sales of the divested company during the period of the previous year corresponding to the period of the current year after disposal.

6.3.2.8.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales (i.e., excluding the effect of disposals) does not take into account sales of the divested company in the prior period.

6.3.2.8.5 Activity suspended during the current period

Where activities are suspended during the current period, the net sales of the activity suspended are reflected in the consolidated statement of income only for the period up to suspension. The calculation of the change in consolidated net sales at constant scope (i.e., excluding the effect of activities suspended) does not take into account the sales of the activity suspended during the period of the previous year corresponding to the period of the current year after suspension.

6.3.2.8.6 Activity suspended during a prior period

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

6.3.2.8.7 Using constant exchange rates

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

6.3.2.9 BREAKDOWN OF CHANGES IN NET SALES FROM 2012 TO 2013

The table below shows a breakdown of changes in net sales as reported by zone of destination (market where sales are recorded) between 2012 and 2013.

	Year ended December 31					
Net sales *(in millions of euros except %)*	**2012**	**2013**	**Total variation**	**Scope of consolidation**	**Organic growth**	**Impact of exchange rates**
France	954.9	935.2	(2.1)%	1.4%	(3.4)%	0.0%
Italy	545.6	482.2	(11.6)%	0.0%	(11.6)%	0.0%
Rest of Europe	821.6	818.3	(0.4)%	1.7%	1.0%	(3.0)%
USA/Canada	739.5	758.6	2.6%	1.2%	4.7%	(3.2)%
Rest of the World	1,405.1	1,466.1	4.3%	5.1%	5.2%	(5.7)%
CONSOLIDATED TOTAL	**4,466.7**	**4,460.4**	**(0.1)%**	**2.4%**	**0.5%**	**(3.0)%**

The following table presents the breakdown of changes in net sales as reported by zone of origin (zone of origin of the products sold) between 2012 and 2013.

	Year ended December 31					
Net sales *(in millions of euros except %)*	**2012**	**2013**	**Total variation**	**Scope of consolidation**	**Organic growth**	**Impact of exchange rates**
France	1,073.7	1,053.9	(1.8)%	1.2%	(3.0)%	0.0%
Italy	576.5	522.5	(9.4)%	0.0%	(9.4)%	0.0%
Rest of Europe	808.2	800.1	(1.0)%	1.5%	0.8%	(3.2)%
USA/Canada	750.3	773.3	3.1%	1.7%	4.8%	(3.2)%
Rest of the World	1,258.0	1,310.6	4.2%	5.6%	5.2%	(6.2)%
CONSOLIDATED TOTAL	**4,466.7**	**4,460.4**	**(0.1)%**	**2.4%**	**0.5%**	**(3.0)%**

6.3.2.10 OTHER FACTORS AFFECTING THE GROUP'S NET INCOME

- The acquisition of Legrand France in 2002 and associated purchase accounting adjustments and transactions related thereto have affected net income. In particular, the significant intangible assets recorded in connection with the acquisition of Legrand France increased the amortization charges of the Group. The purchase accounting adjustments relating to the acquisition of Legrand France essentially concern the revaluation of trademarks that are being amortized on a straight-line basis until 2021 at the latest, and patents that are being amortized on a declining-balance basis until 2011.
- Acquisitions made since 2002 have also had an impact on the Group's net income. This is because intangible assets revalued as part of the purchase price allocation of entities acquired generate additional amortization.

6.4 - YEAR-ON-YEAR COMPARISON: 2013 AND 2012

	Legrand Year ended December 31	
(in millions of millions)	2013	2012
Net sales	**4,460.4**	**4,466.7**
Operating expense		
Cost of sales	(2,156.6)	(2,157.8)
Administrative and selling expense	(1,184.4)	(1,197.1)
Research and development expense	(197.8)	(197.0)
Other operating income (expense)	(72.2)	(66.8)
Operating income	**849.4**	**848.0**
Financial expense	(87.7)	(102.5)
Financial income	6.9	20.8
Exchange gains (losses)	(1.8)	(11.7)
Total net financial expense	**(82.6)**	**(93.4)**
Income before taxes	**766.8**	**754.6**
Income taxes	(233.5)	(247.6)
Net income for the year	**533.3**	**507.0**
Net income attributable to:		
■ **Legrand**	**530.5**	**505.6**
■ **Minority interests**	**2.8**	**1.4**

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill) and maintainable adjusted operating income (*i.e.*, excluding restructuring charges) for the periods under review.

(in millions of euros)	2013	2012
Net income for the year	**533.3**	**507.0**
Income taxes	233.5	247.6
Exchange (gain)/loss	1.8	11.7
Financial income	(6.9)	(20.8)
Financial expense	87.7	102.5
Operating income	**849.4**	**848.0**
Acquisition-related amortization and expense/income	32.9	26.4
Impairment of goodwill	0.0	0.0
Adjusted operating income	**882.3**	**874.4**
Restructuring charges	29.3	25.5
Maintainable adjusted operating income	**911.6**	**899.9**

6.4.1 - Net sales

Consolidated net sales were nearly unchanged at €4,460.4 million in 2013 compared with €4,466.7 million in 2012, reflecting:

- a +2.4% increase in net sales due to changes in scope of consolidation from 2012 to 2013. This relates in particular to the first-time consolidations of NuVo (USA) over 12 months, Daneva (Brazil) over 12 months, Seico (Saudi Arabia) over 11 months, S2S (France) over 8 months, Adlec (India) over 5 months, and Tynetec (UK) over 5 months;
- a +0.5% organic rise in sales (compared with a 2013 organic evolution target between -1% and +1%); and
- a 3.0% decline in net sales due to unfavorable variations in exchange rates in 2013 compared with 2012.

Comments below concern sales by destination.

France. Sales declined 2.1% in 2013 to €935.2 million compared with €954.9 million in 2012. This resulted from a 3.4% organic decline in a still lackluster economy, partly offset by a change in the scope of consolidation that made a positive 1.4% contribution, due in large part to the inclusion of S2S over 8 months. Against this backdrop, Legrand nonetheless reported good performances in home systems, door-entry systems and energy distribution for homes and small commercial buildings, thanks to the successful first-quarter launch of the new Drivia range of cabinets.

Italy. Sales fell to €482.2 million in 2013, down 11.6% from €545.6 million in 2012. Downstream sell-out of Legrand products by distributors (sell-out) was down by around 7%[1] over the year, an improvement of around 2 points over the 2012 trend. But since distributors continued to adjust inventories, Legrand sales (sell-in) were down -11.6% in 2013.

Rest of Europe. Sales in the Rest of Europe declined 0.4% to €818.3 million in 2013, compared with €821.6 million in 2012. The decrease resulted from an unfavorable exchange-rate impact of 3.0% partially offset by +1.0% organic growth and a +1.7% change in scope of consolidation, due primarily to the consolidation of Tynetec (UK) over 5 months. Organic growth reflects strong performances in new economies (which account for half of business in the region), in particular Russia, Turkey, Hungary and the Czech Republic, which offset an overall decline in mature economies. More particularly, sales in Southern Europe countries showed signs of stabilizing at the end of the year.

United States and Canada. Sales in the US/Canada region rose 2.6% to €758.6 million in 2013 compared with €739.5 million in 2012. The increase resulted from organic sales growth of 4.7%, driven in particular by double-digit growth in the residential market; a good relative performance in the non-residential market, which has not yet truly recovered; and a 1.2% increase

(1) *Estimation.*

in scope of consolidation stemming primarily from the full-year consolidation of NuVo Technologies, partially offset by an unfavorable exchange-rate effect of 3.2%.

Rest of the World. Sales in the Rest of the World zone rose 4.3% to €1,466.1 million in 2013 compared with €1,405.1 million in 2012. This reflected solid 5.2% growth in organic sales, underpinned by good growth in most countries in the region, in particular India, China, Malaysia, Saudi Arabia, Morocco, Chile, Mexico and Peru. Other positive factors included a 5.1% increase in scope of consolidation, corresponding largely to consolidation of Daneva (Brazil) over 12 months, Seico (Saudi Arabia) over 11 months, and Adlec (India) over five months, partly offset by an unfavorable exchange-rate effect of 5.7%.

6.4.2 - Cost of sales

The consolidated cost of sales fell 0.1%, from €2,157.8 million in 2012 to €2,156.6 million in 2013, mainly as a result of:

- lower prices of raw materials and components in 2013 than in 2012;
- continuing efforts to raise productivity and adjust to changing conditions. Overall, at constant scope of consolidation and exchange rates, production costs declined by 0.4% from 2012 to 2013; and
- exchange-rate effects, with the euro losing ground against most other currencies;

partly offset by:

- consolidation of new acquisitions.

The cost of sales was thus unchanged at 48.3% of sales in both 2013 and 2012.

6.4.3 - Administrative and selling expense

Consolidated administrative and selling expense declined by 1.1% to €1,184.4 million in 2013, compared with €1,197.1 million in 2012, essentially because of:

- ongoing efforts to raise productivity and adapt to changing conditions: at constant scope of consolidation and exchange rates, administrative and selling expense declined by 0.7% from 2012 to 2013; and;
- exchange-rate effects, with the euro rising against most other currencies;

partly offset by:

- consolidation of new acquisitions.

Administrative and selling expense, expressed as a percentage of sales, declined from 26.8% in 2012 to 26.6% in 2013, reflecting ongoing efforts to raise productivity, as well as adaptation in countries facing difficult economic conditions and stronger positions in market segments with high growth potential.

6.4.4 - Research and development expense

In 2013, Legrand pursued its innovation effort, with many successful new product launches that included the Drivia residential cabinet range in France in the first quarter of the year, which proved particularly popular with installers; TX3 circuit-breakers in China and Russia; the Glint wiring-device range in India; and Linkeo Voice-Data-Image cabinets and new multimedia screens for *My Home* residential systems on international markets.

The Group has also continued to expand its existing offer, for example, by adding new functions and finishes to its Arteor, Forix and LivingLight wiring-device ranges, and will continue to add value through innovation in 2014.

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. As a result, €29.1 million in development expense was capitalized in 2013 compared to €28.1 million in 2012. Amortization charges for capitalized development costs amounted to €24.1 million in 2013, compared to €22.7 million in 2012.

Consolidated research and development expense totaled €197.8 million in 2013 and €197.0 million in 2012. Excluding the impact of the capitalization of development costs and the tax credit for research and development activities. R&D expenditure was nearly unchanged at €207.7 million in 2013 (4.7% of net sales) compared to €207.6 million in 2012 (4.6% of net sales).

	Calculation of research & development expenditure	
(in millions of euros)	2013	2012
Research and development expense	**(197.8)**	**(197.0)**
Amortization related to acquisition and R&D tax credit	(4.9)	(5.2)
Amortization of capitalized development costs	24.1	22.7
RESEARCH AND DEVELOPMENT EXPENSE BEFORE CAPITALIZED DEVELOPMENT COSTS	**(178.6)**	**(179.5)**
Capitalized development costs	(29.1)	(28.1)
RESEARCH AND DEVELOPMENT EXPENDITURE FOR THE YEAR	**(207.7)**	**(207.6)**

In 2013, R&D operations had 2,099 employees in around 16 countries.

6.4.5 - Other operating income and expense

In 2013, other operating income and expense rose by 8.1% to €72.2 million, compared to €66.8 million in 2012.

6.4.6 - Operating income

Consolidated operating income rose 0.2% to €849.4 million in 2013 compared to €848.0 million in 2012. The increase was primarily due to:

- a 0.1% decline in cost of sales;
- a 0.9% decline in administrative, sales and R&D expense; and
- consolidation of new acquisitions.

These factors were partly offset by:

- a 0.1% decline in sales; and
- an 8.1% rise in other operating income and expense.

As a percentage of sales, consolidated operating income remained unchanged at 19.0% in 2013 as in 2012.

6.4.7 - Adjusted operating income

Adjusted operating income is defined as operating income adjusted for amortization of intangible assets revalued as part of the purchase price allocation process, plus any acquisition-related expense and income as well as impairment of goodwill.

Adjusted operating income rose 0.9% from €874.4 million in 2012 to €882.3 in 2013, broken down geographically as follows:

- a 0.6% decline in France to €251.2 million or 23.8% of sales in 2013, compared to €252.7 million in 2012 or 23.5% in 2012;

- a decline of 4.1% in Italy, to €169.1 million or 32.4% of sales in 2013, compared to €176.3 million or 30.6% in 2012;
- a 19.3% rise in the Rest of Europe zone, coming from an improved performance in both Western and Eastern Europe. This sets the total figure for 2013 at €132.4 million compared with €111.0 million in 2012, or 16.5% of sales in 2013 compared with 13.7% in 2012;
- a slight 0.2% rise to €122.4 million in the US and Canada in 2013 compared to €122.2 million in 2012, representing 15.8% of sales in 2013 compared to 16.3% in 2012; and
- a decline of 2.4% in the Rest of the World zone, for a total of €207.2 million in 2013 compared to €212.2 million in 2012, representing 15.8% of sales in 2013 compared to 16.9% in 2012.

Adjusted operating margin comes to 19.8% of sales (20.1% excluding acquisitions), compared with a pre-acquisition target range of 19.5% to 20%. In 2013, Legrand demonstrated once again the quality of its value-creating business model and pursued profitable growth in expanding markets as well as ongoing productivity initiatives (product platforms, lean production, etc.), while continuing to adapt in countries affected by unfavorable economic conditions.

6.4.8 - Net financial expense

Net financial expense fell 1.1% to €80.8 million in 2013, compared to €81.7 million in 2012, representing an unchanged 1.8% of net sales.

6.4.9 - Exchange gains and losses

Exchange losses came to €1.8 million in 2013, compared with a loss of €11.7 million in 2012.

6.4.10 - Income tax

In 2013 Legrand's pre-tax income amounted to €766.8 million, up from €754.6 million in 2012. This was attributable to the combined impact of higher operating income, lower net financial expense, and lower foreign exchange losses.

Consolidated income tax amounted to €233.5 million in 2013, compared to €247.6 million in 2012. The reduced charge for 2013 is essentially attributable to a decline in the Group's effective tax rate from 32.8% in 2012 to 30.5% in 2013.

6.4.11 - Net income

Consolidated net income increased by 5.2% to a record high of €533.3 million in 2013, compared with €507.0 million in 2012, mainly resulting from:

- a €1.4 million rise in operating income;
- a €0.9 million decrease in net financial expense;
- a €9.9 million decrease in foreign-exchange losses; and
- a €14.1 million reduction in income tax.

6.5 - CASH FLOWS AND BORROWING

For information related to the share capital of the Company, investors should refer to note 11 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2013 and 2012:

	Legrand Year ended December 31	
(in millions of euros)	**2013**	**2012**
Net cash from operating activities	691.9	739.2
Net cash from investing activities*	(263.1)	(300.3)
Net cash from financing activities	(294.7)	(426.2)
Increase (reduction) in cash and cash equivalents	108.5	6.0
* *Of which capital expenditure and capitalized development costs*	*(133.0)*	*(120.6)*

For a full description of cash flows, investors should refer to the consolidated statement of cash flows provided in the consolidated financial statements of the Company.

6.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled €691.9 million at December 31, 2013, compared with €739.2 million at December 31, 2012. This €47.3 million decline was attributable to a €41.6 million increase in working capital requirement and a €5.7 million decrease in cash flow from operations (defined as net cash from operating activities, plus or minus variations in other operating assets and liabilities).

6.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the year ended December 31, 2013 amounted to €263.1 million, compared with €300.3 million for the year ended December 31, 2012. This decrease was due to the lower amount invested in acquisitions, partly offset by an increase in capital expenditure and capitalized development costs plus a reduction in proceeds from the sale of fixed assets.

Total acquisitions of subsidiaries (net of cash acquired) amounted to €131.7 million in 2013.

Capital expenditure and capitalized development costs amounted to €133.0 million for the year ended December 31, 2013 (of which €29.1 million related to capitalized development costs), representing a rise of 10.3% from €120.6 million recorded for the year ended December 31, 2012 (of which €28.1 million related to capitalized development costs).

6.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €294.7 million, compared with €426.2 million in 2012. This trend is primarily due to decreased reimbursements of borrowings and bank overdrafts, net of the decline in newly borrowed funds, partly offset by the increase in buybacks of treasury shares and the rise in dividends paid by Legrand.

6.5.2 - Debt

The Group's gross debt (defined as the sum of long-term and short-term borrowings, including bank overdrafts) amounted to €1,573.5 million at December 31, 2013, compared to €1,576.8 million at December 31, 2012. Cash and marketable securities amounted to €605.8 million at December 31, 2013, compared with €494.3 million at December 31, 2012. Total net debt (defined as gross debt, less cash and marketable securities) amounted to €967.7 million at December 31, 2013, compared to €1,082.5 million at December 31, 2012.

The ratio of net debt to shareholders' equity was 30% at December 31, 2013, compared with 34% at December 31, 2012.

At December 31, 2013, the Group's gross debt consisted of the following:

- €1,100.8 million in bonds issued in February 2010, March 2011 and April 2012;
- €279.5 million in Yankee Bonds;
- €193.2 million in other debt, consisting mainly of bank borrowings, overdrafts and debt related to acquisitions, net of debt issuance costs.

The repayment schedule for the non-current portion of these borrowing appears in note 14 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

Cash and cash equivalents (€602.8 million at December 31, 2013 and €494.3 million at December 31, 2012) consist primarily of very short-term bank deposits placed with leading financial institutions.

A description of credit facility contracts is presented in note 14 and in note 22.2.5 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.6 - CAPITAL EXPENDITURE

In 2013, capital expenditure and capitalized development expense amounted €133.0 million or 3.0% of consolidated net sales, compared with €120.6 million and 2.7% in 2012.

The decrease in capital expenditure compared with historical levels, seen in particular over the last five years, is mainly the result of continuing initiatives to optimize productivity and capital employed, including a systematic application of a "make or buy" approach; the transfer of certain production activities to low-cost, less capital-intensive countries (especially products designed for sale in these countries); internationalization of purchasing; optimization of manufacturing facilities; and outsourcing of production. The effects of these measures were partly offset by the capitalization of some development costs pursuant to IAS 38.

6.7 - OFF BALANCE SHEET COMMITMENTS

The Group does not have any off balance sheet arrangements that have or can be considered reasonably likely to have a current or future impact on its finances, changes in its finances, revenues, expenses, results, operating income, cash, capital expenditure or capital reserves, and that would be material to investors. (See note 21 to the consolidated financial statements referred to in chapter 9 of this Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

6.8 - CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2013.

	Payments due by period				
At December 31, 2013 *(in millions of euros)*	**Total**	**< 1 year**	**1-3 years**	**4-5 years**	**> 5 years**
Borrowings	1,559.8	85.6	41.3	753.4	679.5
Capital lease obligations	13.7	1.3	2.6	2.5	7.3
TOTAL CONTRACTUAL OBLIGATIONS	**1,573.5**	**86.9**	**43.9**	**755.9**	**686.8**

6.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2013, approximately 58% of the Group's net sales were denominated in currencies other than the euro. As a consequence, the Group's consolidated sales, operating income and free cash flow could be affected by variations in exchange rates between the euro and such other currencies.

In order to prepare the consolidated financial statements, the Group must convert assets, liabilities, income and expenses that are recognized in other currencies into euros. Variations in foreign currency exchange rates affect such items in the Group's consolidated financial statements, even if the value of the item remains unchanged in its original currency.

The Group uses end-of-period exchange rates for the translation of balance sheet data and period average exchange rates for the translation of income statement and cash flow data.

The following table shows, for the periods and dates indicated, noon buying rate information for euro/US dollar exchange rates from 2009 through 2013, expressed in euros per US dollar. This exchange rate information is provided as an indication only and does not represent the exchange rates used by Legrand in the preparation of its consolidated financial statements:

(euro per US dollar)	**Period-end rate**	**Average rate(1)**	**High**	**Low**
2009	0.69	0.72	0.80	0.66
2010	0.75	0.76	0.84	0.69
2011	0.77	0.72	0.77	0.67
2012	0.76	0.78	0.83	0.74
2013	0.73	0.75	0.78	0.72

(1) The average exchange rate for the euro is calculated as the average of the month-end figures for the relevant year-long period.

Readers are referred to note 22.2.2 appended to the consolidated financial statements mentioned in chapter 9 of the present Registration Document for a description of management of exchange risk.

6.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk; and
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity price risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Deployment is coordinated by the Financing and Treasury Department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and the Group's senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in note 22 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.11 - SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements:

- intangible assets;
- fair value of financial instruments;
- financial and commodity-market derivatives;
- accounting for stock option plans;
- employee benefits;
- deferred taxes; and
- use of estimates.

These policies include significant estimates made by management using information available at the time the estimates are made. A more detailed description of the significant accounting policies used by the Company in preparing its consolidated financial statements is included in note 2 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.12 - NEW IFRS PRONOUNCEMENTS

In 2013, standards and interpretations published by the IASB but not compulsory at December 31, 2013 were as follows:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IAS 27 – Separate Financial Statements;
- IAS 28 – Investments in Associates and Joint Ventures;
- Amendments to IAS 32 – Financial Instruments: Disclosures;
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting;
- IFRS 9 – Financial Instruments; and
- IFRIC 21 – Levies.

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in note 2 to the consolidated financial statements referred to in chapter 9 of this registration document.

6.13 - TRENDS AND PROSPECTS

Macroeconomic projections for 2014 call for a still buoyant environment in the United States (where Legrand's good relative performance in 2013 will be a demanding basis for comparison in 2014), a very gradual improvement of economic conditions in most of Europe's mature countries, and a generally favorable environment for new economies which nonetheless present uncertainties linked to recent currency trends in some of these countries. Against this backdrop, assuming no major economic worsening and in an industry with no order book, Legrand has set its 2014 target for organic(1) growth in sales at between 0% and 3%.

On this basis, and backed by the soundness of its business model, Legrand targets 2014 adjusted operating margin before acquisitions(2) of between 19.8% and 20.2% of sales (compared with 19.8% of sales in 2013).

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

(1) Organic: at constant scope of consolidation and exchange rates.

(2) At 2013 scope of consolidation.

6.14 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in millions of euros except number of shares, earnings per share and number of employees)	2009	2010	2011	2012	2013
End of period share capital					
Share capital	1,052.4	1,052.6	1,053.6	1,057.5	1,062.4
Number of shares	263,096,679	263,161,346	263,388,995	264,374,875	265,590,517
Earnings					
Net sales	3,577.5	3,890.5	4,250.1	4,466.7	4,460.4
Earnings before tax, depreciation and amortization	643.5	838.1	938.5	920.9	935.2
Income tax	(131.3)	(227.1)	(261.4)	(247.6)	(233.5)
Net income	291.3	419.5	479.3	507.0	533.3
Dividends paid	182.8	183.7	231.4	245.0	265.1
Earnings per share(1)					
Earnings before tax, depreciation and amortization	2.474	3.196	3.573	3.496	3.530
Profit attributable to equity holders of Legrand	1.114	1.595	1.822	1.920	2.002
Dividend per share	0.70	0.70	0.88	0.93	1.00
Personnel					
End of period number of employees	28,314	29,422	31,066	33,079	33,272
Personnel costs	965.7	1,018.9	1,092.8	1,155.8	1,143.5

(1) *Earnings per share are calculated on the basis of the average number of ordinary shares outstanding during the year,* i.e. *260,132,463 in 2009; 262,274,181 in 2010; 262,628,527 in 2011; 263,401,182 in 2012 and 264,932,592 in 2013.*

CORPORATE GOVERNANCE 07

7.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company makes reference to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance issued in December 2008 completed by the recommendations issued in April 2010 and June 2013 ("**Code of Corporate Governance**"). This Code of Corporate Governance can be viewed on the Medef website: www.medef.com.

In line with the "comply or explain" principle espoused by the Code of Corporate Governance, any recommendations with which the Company is not in strict compliance are summarily set out and explained in the table below:

Code of Corporate Governance recommendations with which the Company is not strictly compliant	Explanations
Principle that any material transaction outside the scope of the firm's stated strategy shall be subjected to prior approval of the Board of Directors The Code of Corporate Governance states that rules of procedure should specifically state the principle that any material transaction outside the scope of the firm's stated strategy shall be subjected to prior approval of the Board of Directors	The Rules of Procedure of the Board of Directors contain a list of transactions requiring prior authorization by the Board, irrespective of whether or not these transactions fall outside the scope of Company strategy, and define the material threshold applicable to such transactions (€100 million) This approach presents the benefit of encompassing the instance referred to by the Code of Corporate Governance (requirement of prior approval by the Board for transactions outside the scope of strategy) while avoiding the vagueness of the notion of "transactions outside the scope of strategy"
Obligation to acquire a defined quantity of shares The Code of Corporate Governance recommends making the awarding of performance shares to executive directors conditional upon the purchase of a defined quantity of shares upon the availability of the awarded shares	The Chairman and Chief Executive Officer has already substantially invested in the Company's share capital (0.8% at December 31, 2013) and is subject to the requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties

7.1.1 - Board of Directors and Lead Director

7.1.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

Principles

The Company's Board of Directors has at least three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions (subject to the exception provided by law in the event of a merger).

Subject to the legal exceptions, each Director must own at least five hundred shares, registered in their name, for the entire duration of their mandate. Directors' mandates run for four years. They end after the Ordinary Shareholders' General Meeting to approve the financial statements from the past year (held the year in which the Director's mandate expires). They may be reappointed for consecutive terms without limit.

When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the first Shareholders' General Meeting thereafter. Physical persons over 70 cannot be appointed as members of the Board of Directors if their appointment means that over a third of the Board members are over this age. If, during their mandate, more than a third of Board members are over 70, the oldest member of the Board of Directors is considered as having resigned following the Ordinary Shareholders' General Meeting called to approve the financial statements for the past year and held in the year the age limit is reached.

The Board of Directors appoints from among its members a Chairman who will be an individual aged, at the time of his/her appointment, less than 65 years. When the Chairman has reached this age limit, he is considered as having resigned at the end of the Ordinary Shareholders' General Meeting that approved the financial statements for the past financial year (held in the year this age limit is reached).

The Chairman may be reelected. The compensation of the Chairman is determined by the Board of Directors.

The Board of Directors may appoint among its members a Vice-Chairman who will replace the Chairman in case of unavailability of the latter. The Vice-Chairman is subject to the same age limit as the Chairman.

Current composition of the Board of Directors

As at the date of this Registration Document, the Board was composed of ten members including the Chairman and Chief Executive Officer, the Honorary Chairman and the Lead Director. These ten Board members include : (i) four women, giving a proportion of 40% in accordance with the provisions of the French Commercial Code (40% with effect from 2017) as from 2013 and the recommendations of the Code of Corporate Governance (40% with effect from 2016), (ii) seven independent Directors, giving a proportion of 70% of independent Directors higher than the minimum ratio of 50% recommended by the Code of Corporate Governance, and (iii) five different nationalities:

Membership of the Board of Directors

Name	Duties	Date of first appointment	Year of the Annual General Meeting during which the term expires
Mr. Gilles Schnepp(1)	Chairman and Chief Executive Officer	12/10/2002	2014
Mr. François Grappotte(1)	Honorary Chairman	12/10/2002	2014
Mr. Olivier Bazil(1)	Director	12/10/2002	2014
Ms. Christel Bories	Independent Director	05/25/2012	2016
Ms. Angeles Garcia-Poveda	Lead Director Independent Director	05/25/2012	2016
Mr. Gérard Lamarche	Independent Director	04/06/2006	2016
Mr. Thierry de La Tour d'Artaise	Independent Director	04/06/2006	2016
Mr. Dongsheng Li(2)	Independent Director	07/26/2012	2014
Ms. Annalisa Loustau Elia	Independent Director	05/24/2013	2017
Ms. Éliane Rouyer-Chevalier	Independent Director	05/26/2011	2015

(1) Directors whose terms are due to expire. Renewal of their terms for four years will be submitted for approval to the Combined Shareholders' General Meeting on May 27, 2014.

(2) Director co-opted at the Board of Directors meeting on July 26, 2012, and whose appointment was ratified by the Combined Shareholders' General Meeting on May 24, 2013. Renewal of his term for four years will be submitted for approval to the Combined Shareholders' General Meeting on May 27, 2014.

Since 2011, staggering of Directors' terms of office has gradually been put in place in the Company's Board of Directors. Historically, membership of the Board and its specialized Committees used to reflect the joint striving by two leading shareholders to achieve a lasting balance between Directors representing these shareholders, independent Directors, and Management. For this reason, contrary to the Code of Corporate Governance recommendations, the terms of office of directors representing these shareholders were not staggered. Subsequently, staggering of Directors' terms of office was introduced, resulting in (i) the appointments as Directors of Ms. Éliane Rouyer-Chevalier by the Shareholders' General Meeting on May 26, 2011, of Ms. Christel Bories and Ms. Angeles Garcia-Poveda by the Shareholders' General Meeting on May 25, 2012, and of Ms. Annalisa Loustau Elia by the Shareholders' General Meeting on May 24, 2013, and (ii) the termination of the duties on the Board of Directors of Mr. Jacques Garaïalde (subsequent to the Board of Directors meeting on May 24, 2013) and of Mr. Frédéric Lemoine and Mr. Patrick Tanguy (subsequent to the Board of Directors meeting on July 31, 2013).

Directors' biography

The following table shows a summary of the information pertaining to the Company's Directors, together with their terms of office and other positions held currently or in the last five years:

Director	Positions currently held in French or foreign companies	Positions in French or foreign companies held in the past five years and that are no longer held
Gilles Schnepp - Chairman and Chief Executive Officer Age 55 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Gilles Schnepp is graduated from the *École des Hautes Études Commerciales* (HEC). Gilles Schnepp started his career at Merrill Lynch France where he became Vice President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, Chief Financial Officer in 1996 and Chief Operating Officer in 2000. Gilles Schnepp has been a Director of the Company since 2002 and has been Chairman of the Board of Directors and Chief Executive Officer since 2006. Gilles Schnepp holds 2,069,961 Legrand shares.	**Legrand Group** ■ Chairman and Chief Executive Officer of Legrand* (since 2006) ■ Mandates in various Group subsidiaries(1) (see page 295) **Outside the Legrand Group** ■ Director of Saint-Gobain* (since 2009)	**Legrand Group** ■ Mandates in various subsidiaries **Outside the Legrand Group** None
Olivier Bazil Age 67 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Olivier Bazil is graduated from the *École des Hautes Études Commerciales* (HEC) and holds a Master of Business Administration from Harvard Business School. Olivier Bazil joined the Company in 1973 as Deputy to the Company Secretary, responsible for financial information and development of the Group's growth strategy. He became Chief Financial Officer of Legrand France in 1979, Deputy Chief Operating Officer in 1993 and was Vice-Chairman and Chief Operating Officer from 2000 until the end of the Shareholders' General Meeting of May 26, 2011. Olivier Bazil holds the following positions: Member of the Supervisory Board of Michelin*, Member of the Supervisory Board of Vallourec*, Member of the Supervisory Board of *Société Civile du Château Palmer*, Chairman of Fritz SAS and Director of Firmenich International SA. Olivier Bazil holds 2,009,085 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2002) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (since 2013) ■ Member of the Supervisory Board of Vallourec* (since 2012) ■ Chairman of Fritz SAS (since 2009) ■ Member of the Supervisory Board of *Société Civile du Château Palmer* (since 2009) ■ Director of Firmenich International SA (since 2008)	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* (until May 2011) ■ Mandates in various subsidiaries **Outside the Legrand Group** None
Christel Bories Age 49 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Christel Bories is graduated from the *École des Hautes Études Commerciales* (HEC). Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Groupe Pechiney. Following Pechiney's integration into the Alcan Group, Christel Bories was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairman and Chief Executive Officer of Alcan Engineered Products and finally Chief Executive Officer of Constellium (ex Alcan), which she left in December 2011. Christel Bories was appointed Deputy Chief Executive Officer of Ipsen on February 27, 2013. Christel Bories is currently a Director of Natixis* and Smurfit Kappa*. Christel Bories holds 750 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Deputy Chief Executive Officer of Ipsen* (since 2013) ■ Director of Smurfit Kappa* (since 2012) ■ Vice-President of *La Fabrique de l'Industrie* think tank (since 2012) ■ Director of Natixis* (since 2011)	**Legrand Group** None **Outside the Legrand Group** ■ Director of *Cercle de l'Industrie* (until May 2013) ■ Chief Executive Officer of Constellium (until December 2011) ■ Director of ATLAS CopCo AB*, Sweden (until 2011) ■ Chairman and Chief Executive Officer of Alcan Engineered Products (until December 2010) ■ Chairman of the European Aluminum Association (EAA) (until 2010)

* Listed company.

(1) No compensation in the form of attendance fees or other is paid or due for mandates held in Group subsidiaries.

Director	Positions currently held in French or foreign companies	Positions in French or foreign companies held in the past five years and that are no longer held
Angeles Garcia-Poveda Age 43 A Spanish national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Angeles Garcia-Poveda holds a master's degree from ICADE in Madrid. She also attended the Business Case Study Program at Harvard University. Before joining Spencer Stuart in 2008, Angeles Garcia-Poveda spent 14 years with The Boston Consulting Group (BCG). She worked as a consultant at BCG in Madrid and Paris from 1993 to 1997 before taking different recruiting roles at local and international level. As BCG global recruiting manager, she has worked on cross-border recruiting projects. Angeles Garcia-Poveda is currently the Managing Director of Spencer Stuart in France and a member of the European leadership team. She recruits and assesses managers and directors in the fields of Consumer Goods, Private Equity and Professional Services. Ms. Garcia-Poveda holds 900 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Managing Director of Spencer Stuart in France (since 2010)	**Legrand Group** None **Outside the Legrand Group** None
François Grappotte Age 77 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges François Grappotte is a graduate of the *Institut d'Études Politiques de Paris* and former student of the *École Nationale d'Administration* (ENA); he also holds a law degree and graduate degrees in political economy and economic and financial sciences from the Faculty of Law in Paris. François Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he joined Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and then Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer and became Chairman and Chief Executive Officer in 1988, a position he held until 2006. François Grappotte was also a member of the Supervisory Board of Michelin*, a Director of BNP Paribas* and a member of the Advisory Council of Banque de France. Mr. Grappotte holds 1,616,000 Legrand shares.	**Legrand Group** ■ Director and Honorary Chairman of the Legrand* Board of Directors (since 2002) **Outside the Legrand Group** None	**Legrand Group** ■ Director and Honorary Chairman of the Legrand France Board of Directors (Chairman of the Board and Chief Executive Officer until early 2006) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (until May 2013) ■ Director of BNP Paribas* (until May 2011)

* *Listed company.*

Director	Positions currently held in French or foreign companies	Positions in French or foreign companies held in the past five years and that are no longer held
Gérard Lamarche Age 52 A Belgian national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Gérard Lamarche holds a degree in Economics from the University of Louvain - La - Neuve and of the Management Institute of the INSEAD (Advanced Management Program for Suez Group Executives). He also took part in Wharton International Forum training in 1998-1999 (Global Leadership Series). Gérard Lamarche began his professional career in 1983 at Deloitte Haskins & Sells in Belgium and then became a Mergers and Acquisitions consultant in the Netherlands in 1987. In 1988, Gérard Lamarche joined Société Générale in Belgium as investment manager, controller from 1989 to 1991 and strategic operations advisor from 1992 to 1995. Gérard Lamarche joined *Compagnie Financière de Suez* as *Chargé de mission* with the Chairman and Secretary of the Executive Committee (1995-1997), before being appointed Deputy Manager in charge of Planning, Control and Accounting. In 2000, Gérard Lamarche's career took an industrial turn, and he joined NALCO (US subsidiary of the Suez Group – a world leader in industrial water processing) as Director and Managing Director. In March 2004, he was appointed Chief Financial Officer of the Suez Group. On April 2011, Gérard Lamarche was appointed to the Board of Directors of the Bruxelles Lambert Group* (GBL). He has been Managing Director since January 2012. Gérard Lamarche is also a Director of Lafarge*, Total* and SGS* and an observer of GDF Suez*. Gérard Lamarche holds 4,000 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2006) **Outside the Legrand Group** ■ Director of SGS* (Switzerland) (since 2013) ■ Managing Director of the Bruxelles Lambert Group* (Belgium) (since 2012) ■ Director of Total* (since 2012) ■ Director of Lafarge* (since 2012) ■ Observer of GDF Suez* (since 2012) ■ Director of the Bruxelles Lambert Group* (Belgium) (since 2011)	**Legrand Group** None **Outside the Legrand Group** ■ Director of Electrabel (until December 2011) ■ Director of Suez Environnement Company (until December 2011) ■ Director of International Power Plc (until December 2011) ■ Director of Europalia (until October 2011) ■ Director of GDF Suez Belgium (until October 2011) ■ Director of Aguas de Barcelona (until June 2011) ■ Director of GDF Suez ES (until June 2011) ■ Director of Suez-Tractebel (until January 2011) ■ Director of Fortis Banque (until July 2010) ■ Director of Suez Environnement North America (until December 2009) ■ Director of Leo Holding Company (until May 2009) ■ Director and Chairman of Genfina (until December 2008) ■ Director and Chairman of GDF Suez CC (until November 2008) ■ Director of Distrigaz (until October 2008) ■ Director of Suez Environnement (until October 2008)

* *Listed company.*

Director	Positions currently held in French or foreign companies	Positions in French or foreign companies held in the past five years and that are no longer held
Thierry de La Tour d'Artaise Age 59 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Thierry de La Tour d'Artaise is a graduate of the ESCP business school and a chartered accountant. Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85) and finally as Chief Executive Officer of Croisières Paquet (1986-93). Thierry de La Tour d'Artaise became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and Chief Executive Officer of the Group, becoming Chairman and Chief Executive Officer in 2000. Thierry de La Tour d'Artaise holds 1,250 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2006) **Outside the Legrand Group** ■ Director of Zhejiang SUPOR (China) (since 2008) ■ Director of Club Méditerranée* (since 2005) ■ Permanent representative of Sofinaction, Director of La Lyonnaise de Banque (since 2001) ■ Chairman of the Board of Directors and Chief Executive Officer of SEB SA* (since 2000) ■ Chairman of SEB Internationale (SAS) (since 2000)	**Legrand Group** None **Outside the Legrand Group** ■ Director of Plastic Omnium* (until October 2012)
Dongsheng Li Age 57 A Chinese national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Dongsheng Li is the Chairman, Chief Executive Officer and founder of TCL Corporation. Dongsheng Li graduated from South China University of Technology in 1982. As "National model worker" and winner of "Nation May 1st Labor Medal", Dongsheng Li was elected as delegate to China's 16th Party Congress, and served as a representative of the 10th, 11th, and 12th National People's Congress. Dongsheng Li holds a number of prestigious positions such as Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce and Vice Chairman of Guangdong Federation of Industry & Commerce. In China, Dongsheng Li was named a "Chinese Economic Figure" in both 2002 and 2004. In 2009, he was again identified as one of the "Chinese Economic Figures of the Annual CCTV Awards - Business Leaders of the Decade". In the international arena, in 2004, Dongsheng Li was selected as "Asia Businessman of the Year" by Fortune Magazine and a "Top 25 Global Business Leaders" by Time Magazine and CNN. Moreover, Dongsheng Li received the *Officier de la Légion d'Honneur* (French national honor) from President Jacques Chirac in the same year. In 2013, Dongsheng Li was deservedly selected as one of the "2013 Best Chief Executive Officers of Listed Companies in China" by Forbes magazine. Dongsheng Li is also the Chairman of the Hong Kong listed companies TCL Multimedia Technology Holdings Limited* and TCL Communication Technology Holdings Limited* as well as an independent non-executive director of Tencent*. Dongsheng Li holds 1,000 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Chairman of TCL Multimedia Technology Holdings Ltd* (since 2007) ■ Chairman of TCL Communication Technology Holdings Limited* (since 2004) ■ Independent Director of Tencent* (since 2004) ■ Chairman and Chief Executive Officer of TCL Corporation (since 2003)	**Legrand Group** None **Outside the Legrand Group** None

* *Listed company.*

Director	Positions currently held in French or foreign companies	Positions in French or foreign companies held in the past five years and that are no longer held
Annalisa Loustau Elia Age 48 An Italian national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Annalisa Loustau Elia is a graduate in law from La Sapienza University in Rome. Annalisa Loustau Elia worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Product Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the Paris and Rome offices. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury, retail and consumer goods sectors. Annalisa Loustau Elia is Chief Marketing Officer of Printemps and has been a member of its Executive Committee since 2008. Annalisa Loustau Elia holds 750 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2013) **Outside the Legrand Group** None	**Legrand Group** None **Outside the Legrand Group** None
Éliane Rouyer-Chevalier Age 61 A French national 128, avenue du Maréchal de Lattre de Tassigny - 87000 Limoges Éliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. Éliane Rouyer-Chevalier joined the Accor group in 1983 as Manager of international finance and currency cash pooling, before becoming Investor Relations and Financial Communications Director in 1992. From 2010 to 2012, she served as a member of the Executive Committee at Edenred, a company born from the splitting of the Accor group, as Director of Internal and External Communications, Press Relations, Finance and the Corporate Social Responsibility policy. Éliane Rouyer-Chevalier has chaired the French Association of Investor Relations (CLIFF) since 2004 and the Financial Communications Observatory since 2005. Éliane Rouyer-Chevalier holds 500 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2011) **Outside the Legrand Group** None	**Legrand Group** None **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred* (until 2012)

* *Listed company.*

On the date this Registration Document was filed and as far as the Company is aware, none of the Company Directors:

- have family links with other Company Directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies);
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

Changes in membership of the Board of Directors in the course of 2013

In the course of the 2013 financial year, changes in membership of the Board of Directors were the following:

Date	Departures	Appointments	Renewals	Comments
Combined Shareholders' General Meeting on May 24, 2013		Appointment of Ms. Annalisa Loustau Elia		This appointment presents several benefits: ■ broadening the scope of skills on the Board of Directors to include the fields of marketing and product development in the luxury, retail and consumer goods sectors ■ continuing to boost female Board membership with a view to achieving a balanced male-female representation ■ consolidating the process of internationalization of the Board's membership, in view of Ms. Annalisa Loustau Elia's international experience and her Italian citizenship ■ strengthening the share of independent Directors on the Board
Board of Directors on May 24, 2013	End of term of Mr. Jacques Garaïalde		None	With KKR no longer holding any share of the Company's share capital since March 2012, the Board of Directors acknowledged the decision by Mr. Jacques Garaïalde, a Director nominated by KKR, to terminate his duties on the Board
Board of Directors on July 31, 2013	End of term of Mr. Frédéric Lemoine and Mr. Patrick Tanguy			Following the divestment on June 11, 2013 by Wendel of its total share in the Company (5.4% of share capital), the Board of Directors acknowledged the decision by Mr. Frédéric Lemoine and Mr. Patrick Tanguy, Directors nominated by Wendel, to terminate their duties on the Board of Directors and its specialized Committees

Terms to be renewed in 2014

The Board of Directors has proposed to the Shareholders' General Meeting called for May 27, 2014 to renew the terms as Directors due to expire of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp, for a duration of four years (see presentation of the agenda and draft resolutions in Appendix 4 of the Company's Registration document).

Lead Director

On the basis of the Nominating and Compensation Committee's considerations of Company governance issues, it was decided at the Board of Directors meeting on November 6, 2013, to modify the Board's Rules of Procedure in order to make it mandatory to appoint a Lead Director if the positions of Chairman and of Chief Executive Officer are held by the same person, as recommended by the AMF in its 2013 report on corporate governance and executive directors' compensation. The appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance (in this respect, readers are invited to refer also to section 7.1.3.2).

The Lead Director is appointed from among the independent Directors who have been members of the Board for at least one year, on proposition from the Nominating and Compensation Committee. The appointment is made for a duration not exceeding the appointee's term as Director, and is renewable, on proposition from the Nominating and Compensation Committee.

On a recommendation from the Nominating and Compensation Committee, the Board of Directors, at its meeting on November 6, 2013, appointed Ms. Angeles Garcia-Poveda to the position of Lead Director. Ms. Angeles Garcia-Poveda is an independent Director, she chairs the Nominating and Compensation Committee and is a member of the Strategy and Social Responsibility Committee.

Duties of the Lead Director

The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, he/she is tasked with:

- preventing and/or handling conflicts of interest: The Lead Director is responsible for preventing situations of conflict of interest from arising by conducting awareness-raising initiatives on the existence of elements liable to lead to such situations. Accordingly, the Lead Director is informed by each Director of any actual or potential conflict of interest, and reports on these to the Board, as he/she does on any actual or potential conflict of interest which he/she may detect independently;

- supervising the periodic assessment of the Board's operations;
- chairing and moderating an annual meeting of non-executive Directors without executive or internal Directors being present, during which meeting the performance of senior executives is assessed and future prospects of management given consideration;
- reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive Directors.

Resources of the Lead Director

In the exercise of his/her duties, the Lead Director may:

- submit a proposal, as appropriate, to the Chairman of the Board of Directors to the effect of including additional points on the agenda of Board meetings;
- request the Chairman of the Board of Directors to call an extraordinary meeting of the Board on a specific agenda, the importance or urgency of which justify the holding of such a meeting;
- chair meetings of the Board of Directors in the event of the Chairman being unable to attend.

The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and Statutory Auditors, as provided for by the Board's Rules of Procedure.

More generally, the Lead Director ensures that Directors receive the information needed to discharge their duties in the best possible conditions, as provided for in the Board's Rules of Procedure.

The Lead Director reports to the Board of Directors once a year.

Independent Directors

Definition of independent Director and applicable criteria

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

The Rules of Procedure of the Company's Board of Directors lists the independence criteria, which include, in particular, the criteria set forth by the Code of Corporate Governance. Therefore, under the Board of Directors' internal rules, an independent Director must not:

- be an employee or executive director of the Company or Group, be an employee or director of a shareholder with control, either alone or in concert, over the Company within the meaning of Article L. 233-3 of the French Commercial Code, or of a company that it consolidates, or have been in such a position at any time in the five previous years;
- be an executive director of any company for which the Company holds, whether directly or indirectly, a directorship or where a Company employee or an executive director, or a person who has been in this position in the course of the five previous years, holds a directorship;
- be a customer, a supplier, or a financing or advising banker:
  - of importance for the Company or its Group,
  - or deriving a significant portion of business from the Company or its Group.

  The evaluation of how significant the relationship is with the Company or its Group must be debated by the Board of Directors and the criteria that lead to the evaluation must be explicitly stated in the registration document;
- have any close family relationship with a manager of the Company or Group;
- have been a statutory auditor for the Company or a Group company in the course of the five previous years;
- have been a manager of the Company or a Group company in the course of the five previous years;
- have been a Director of the Company in the course of the twelve previous years;
- receive, or have received from the Company, significant amounts of compensation in addition to Director's fees, including, but not limited to, participation in any stock-option plan or other performance-related compensation plan.

Although he or she may be an executive director, the Chairman of the Board may be considered independent if the company can justify this based on the criteria set out above.

Directors representing shareholders with significant direct or indirect equity interests in the Company may be considered independent if these shareholders do not control the Company within the meaning of Article L. 233-3 of the French Commercial Code. However, when a Director represents a shareholder of the Company directly or indirectly holding more than 10% of the Company's capital or voting rights, the Board of Directors, having received a report from the Nominating and Compensation Committee, has to systematically review his or her status as an independent Director, with due regard for the structure of the Company share ownership and potential for conflicts of interest.

Procedure for the review of the status of independent Directors

Pursuant to the Rules of Procedure of the Company's Board of Directors, Director independence is reviewed each year by the Nominating and Compensation Committee, which prepares a report on this subject for the Board of Directors. Then, each Director's position with respect to the independence criteria defined above is examined by the Company's Board, using the Nominating and Compensation Committee's independence report as a reference. The Board of Directors presents its findings on the independence of Directors to the Company's shareholders in the annual report.

The Board of Directors at its meeting on March 5, 2014, renewed its assessment that Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li could be qualified as independent.

The table below reflects the situation of each Director in respect of the independence criteria examined by the Nominating and Compensation Committee and by the Board:

	Non-independent Directors			Independent Directors						
Reviewed criteria	Mr. Gilles Schnepp	Mr. Olivier Bazil	Mr. François Grappotte	Ms. Christel Bories	Ms. Angeles Garcia-Poveda	Mr. Gérard Lamarche	Mr. Thierry de La Tour d'Artaise	Mr. Dongsheng Li	Ms. Annalisa Loustau Elia	Ms. Éliane Rouyer-Chevalier
No employee or corporate officer status during the previous 5 years	X	X	√	√	√	√	√	√	√	√
No cross-directorships	X	√	√	√	√	√	√	√	√	√
No significant business relations	√	√	√	√	√	√	√	√ (1)	√	√
No close family relationship with a company executive	√	√	√	√	√	√	√	√	√	√
No statutory auditor relationships during the previous 5 years	√	√	√	√	√	√	√	√	√	√
No status as director of the company for more than 12 years	X	X	X	√	√	√	√	√	√	√
No receipt of any significant additional compensation apart from directors' fees	X	√	√	√	√	√	√	√	√	√

√ = independence criterion met.

X = independence criterion not met.

(1) Two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL (resulting from the Company's acquisition of two TCL group companies in 2005 and 2008). The Nominating and Compensation Committee and the Board reviewed the financial impact of the trademark licensing agreement and concluded that it was not material. In 2013, royalties from trademarks accounted for 0.05% of Legrand revenue and 0.03% of TCL revenue. In light of this, and taking into account market practices analyzed by an independent firm, Mr. Li Dongsheng can be considered independent.

As shown in the above chart, the Board has ten members, including seven independent Directors. The proportion of independent Directors on the Company's Board of Directors thus stands at 70%, higher than the minimum ratio of 50% recommended by the Code of Corporate Governance for uncontrolled companies.

With respect to the specialized Committees:

- the Audit Committee is composed of three members, all of whom were independent, that is to say a proportion of 100% independent Directors, thus complying with the Code of Corporate Governance recommendation that the share of independent Directors should be at least two thirds;
- the Nominating and Compensation Committee is composed of three members, two of whom were independent Directors, that is to say a proportion of two thirds, thus complying with the Code of Corporate Governance recommendation that independent Directors should be in a majority on this Committee;
- the Strategy and Social Responsibility Committee is composed of four members, two of whom were independent Directors, that is to say a share of 50%.

Diversity of membership of the Board of Directors

Every year, the Board of Directors investigates the desirable balance of its membership and that of its specialized Committees, particularly with regard to the representation of men and women, the international dimension, the diversity of skills and the independence of its members, so as to assure shareholders and the market that their work is carried out with the necessary independence and objectivity.

In 2013, the Board wished (i) to enhance the representation of men and women among its members, with the aim of achieving a 40% share of women by 2016, in line with the Code of Corporate Governance, and (ii) to continue opening out to an international dimension. The Board therefore proposed that the Shareholders' General Meeting on May 24, 2013, appoint Ms. Annalisa Loustau Elia and ratify the co-optation of Mr. Dongsheng Li.

In view of changes in the membership of the Board of Directors in the course of 2013, the proportion of women on the Board rose from 25% at December 31, 2012 to 40% at December 31, 2013. The membership of the Board of Directors is thus compliant, as of 2013, with the recommendations of the Code of Corporate Governance, applicable from 2016, as regards the male-female balance.

As far as the Board's international dimension is concerned, at December 31, 2013, it contained five different nationalities including one non-European nationality, with Directors who are Belgian, Chinese, French, Italian and Spanish nationals.

Directors' skills are varied and complementary, with some Directors having strategic skills, while others have financial or more specific competencies, such as investor communications, talent management, marketing or Corporate Social Responsibility. Also, the participation on the Board of Directors of past and current representatives of Legrand's management ensures the Board enjoys a good level of knowledge of the Group and its workings.

The proportion of independent Directors on the Board of Directors stood at 70% at December 31, 2013.

Given all these factors, the Board believes that its composition has improved significantly with regard to diversity criteria. In the future, it may also explore avenues for improvement that might be considered useful for the development of the Company.

7.1.1.2 FUNCTIONING OF THE BOARD

The Company's Board of Directors has adopted internal rules pursuant to the Articles of Association and which aim to complete and set them, within the framework of current legal, regulatory and statutory provisions, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors. The Board of Directors' internal rules, which includes a Directors' Charter, is regularly updated and can be viewed on the Company's website *www.legrand.com*.

The main rules relating to the organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

Missions and duties of the Board of Directors and of its Chairman

The Board of Directors determines the directions to be taken in the business of the Company and ensures proper implementation of related decisions. Subject to the powers expressly attributed to General Meetings of shareholders and to the limitation of the corporate object, it concerns itself with all matters relating to the proper operation of the Company and settles related issues by its decisions.

The Board of Directors rules on how the Company is managed.

The Board of Directors is authorized to allow the Chairman to issue special pledges on the issuing of bonds.

The Board of Directors may decide to set up specialized Committees to consider the matters submitted to them by the Board of Directors or its Chairman. It sets the composition and powers of its Committees which shall carry out their duties under its responsibility and without prejudice to the powers of the Board itself; these can never be delegated to the Committees.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

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

- to consider and approve all decisions relating to significant strategic, economic, social, financial and technological issues for the Company and the Legrand Group (the **"Group"**) and ensure that management puts them into effect;
- concerning the matters itemized below, to make related proposals to shareholders where they are subject to approval at Shareholders' General Meetings or to grant prior authorization to the Chief Executive Officer (or the Chairman, as the case may be) for their finalization and implementation where they are matters for general management:
  - delegation of powers or competence for purposes relating to the issue or purchase of shares or other securities providing access to equity,
  - subscription to, or agreement for, any loan, whether in the form of bonds or of any other kind, or any early voluntary repayment of loans, advances or borrowings 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 revocation of any or all of the statutory auditors,
- merger transactions or proposals concerning the Company or, more generally, any transaction resulting in the transfer or sale of all, or a substantial portion of, its assets,
- any transaction leading to an increase or decrease in the Company's equity capital, including, as may be the case, through the issue of securities providing access to the Company's equity capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for grant of free shares or stock options in the ordinary course of business of the Company),
- any creation of double voting rights or any other change to the voting rights attached to Company shares,
- changes to governance, including but not limited to, any change in the rules of governance applying within the Company, in particular the rules governing the membership and operation of the Board of Directors and, more generally, any change to these internal regulations in accordance with what is set forth below,
- any proposal for the appointment of new members to the Board of Directors,
- the listing of any financial instrument issued by the Company on a regulated market other than Eurolist by Euronext,
- 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 obligation for which surety is given or the assets pledged represent an amount in excess of €100 million;

- to examine and approve the reports on the activities of the Board of Directors and its Committees to be included in the annual report;
- to examine and approve, at the proposal of the Nominating and Compensation Committee, the presentation of Directors to be included in the annual report, in particular the list of independent Directors, setting out the criteria applied;
- to co-opt Directors where necessary, and present proposals for the renewal of Director's terms of office to the ordinary Shareholders' General Meeting;
- to determine, at the proposal of the Nominating and Compensation Committee, the compensation due to executive directors and to apportion Directors' fees;
- to consider stock-option plans and free-share allotments and, in a general way, policies regarding profit sharing for the benefit of Group managers and employees, at the proposal of the Nominating and Compensation Committee;
- to ensure the quality of information provided to shareholders and financial markets, in financial statements and on the occasion of significant transactions;
- to approve the management report, together with the sections of the annual report devoted to corporate governance and presenting policies on compensation;
- to review any issues relating to the efficient operations of the Company or the Group.

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

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the Shareholders' General Meeting. He/she monitors the proper operation of the bodies of the Company and ensures, in particular, that the members of the Board are in a position to exercise their duties.

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are called to Board meetings by the Chairman, or, in the event of unavailability of the Chairman by the Vice-Chairman, if any.

The Chief Executive Officer may also ask the Chairman to call a Board meeting on a specific matter. When the Board of Directors has not met for over two months, at least one-third of the members of the Board of Directors may call on the Chairman to convene the Board of Directors on a specific agenda.

The Chairman is bound by the requests made to him under the previous paragraph.

Subject to the above, the agenda is decided by the Chairman and can only be set, if required, at the time of the meeting.

Notices are issued by any means, even verbally, at the registered office or in any other place indicated in the meeting notice, in France or abroad. The internal rules of the Company's Board of Directors state that meeting notices, which can be sent by the secretary of the Board of Directors, can be issued by letter, telex, telegram, fax, e-mail or verbally.

If the meeting notices so state, Board meetings may be held by videoconference or electronic telecommunication or teletransmission methods, provided that they allow participants to ensure effective participation in the Board meeting, in which deliberations are relayed continuously. Directors participating in

Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraph.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman shall strive to issue meeting notices five days prior to the actual meeting. He shall also strive to take account of the agenda constraints of the Board members so as to ensure the presence of as many members as possible at each meeting.

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote. The Board may appoint a secretary who can be chosen from outside the shareholders and members.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (e.g., by telecommunication or teletransmission), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each Director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any disruptive technical problem arising during a videoconference or teleconference, if any;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating Directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors

At least once a year, a portion of a Board meeting agenda is devoted to reviewing the operations of the Board of Directors, which is thereafter described in the Company's annual report so that the shareholders are informed each year of the evaluations carried out and, if applicable, of any steps taken as a result (see page 155).

The assessment of the Board's operations is supervised by the Lead Director, if applicable.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with the documents necessary to consider items on Board meeting agendas, at least five days prior to the meetings.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

Directors receive all relevant information on significant events or transactions for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, even outside the presence of executive directors. In the latter case, these should be given prior notice.

Directors' training

Each Director may be provided, at the time of their appointment and throughout their term of office, with a training relating to the specific features of the Company, its businesses and the sector it operates in.

New Directors are provided with an induction program aimed at facilitating their integration and assumption of their new duties. The induction program includes site guided tours and meetings with Group management.

Thus, following the appointment of Ms. Annalisa Loustau Elia as Director by the Shareholders' General Meeting on May 24, 2013, several site tours, presentations and meetings were scheduled to enable her to gain the best possible understanding of her new duties on the Board of Directors. In the course of this induction program, Ms. Annalisa Loustau Elia visited the Customer training center Innoval, as well as the *My Home* Apartment and the Wellness House, both of which showcase the latest technologies marketed by Legrand in its home systems. She was also given a presentation of several production sites and product testing laboratories, and meetings were organized with several senior executives and operational management staff at Legrand.

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

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

Deontology for Directors

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal regulations. This Directors' Charter sets forth the rights and obligations of the Directors and is binding upon each Director.

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 regulation, Company articles, Board internal regulations and the Charter, as well as from any other text of a compulsory nature:

- Directors must be competent, active and committed;
- Directors must at all times act in the corporate interest of the business. They undertake to promote and defend the Company's values;
- Directors are to devote the necessary time and attention to their tasks.

  In this regard, they undertake to:

  - not hold more than four other directorships in listed companies, including foreign companies, not affiliated with the Group; it being specified that an executive director should not hold more than two other directorships in listed companies including foreign companies, not affiliated with the Group,
  - keep the Board of Directors informed of directorships held in other companies, including participation on Committees of the Boards of these companies, both in France and abroad, it being specified that an executive director must seek the opinion of the Board of Directors before accepting a new directorship in a listed company,
  - be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to;
- in the interest of transparency, the annual report includes a report on Directors' attendance at meetings of the Board of Directors and its Committees;
- Directors are to make their best efforts to be present at Shareholders' General Meetings;
- Directors are required to hold 500 Company shares each in their own names and undertake to hold these throughout their terms of office;
- 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 related 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;
- Directors are subject to a duty of confidentiality concerning the unpublished information of which they are apprised as a result of their position;
- 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 for additional information from the Chairman or the Board of Directors;
- Directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in;
- Directors are to comply with the provisions of the Company's Code of Conduct with respect to trading and market activities.

Conflicts of interest

Pursuant to the above-mentioned provisions of the Directors' Charter, Directors undertake (i) to apprise the Lead Director and the Board of any actual or potential conflict of interest, and to abstain from related discussions and votes and (ii) to avoid any personal engagement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent.

No actual or potential conflict of interest was reported to the Lead Director or to the Board. As far as the Company is aware, there is no conflict of interest.

Furthermore, the Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Compensation Committee of any intention to take on another directorship, and must ask the Board for its opinion before accepting any new directorship in a listed company.

Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct with respect to trading and market activities, which can be viewed on the Company's website *www.legrand.com* and which was reviewed in the first six months of 2011 to take into account AMF recommendation No. 2010-07 of November 3, 2010 on the prevention of insider misconduct by executives of listed companies and in the second six months of 2012 to indicate that the Group's Chief Financial Officer is in charge of ethical duties, responsible for ensuring compliance with the Code of Conduct.

This Code, adopted by the Board of Directors on June 2, 2006, applies to Company officers, similar persons, insiders and occasional insiders and aims at defining the rules governing dealings in Company's shares.

Under this Code, Company officers, similar persons and persons associated with them are obliged, within a period of five stock exchange sessions following its completion, to make a declaration to the AMF of any transaction they enter into in relation to the Legrand shares.

In addition, Executive Directors and persons with access to inside information are prohibited from effecting, directly or indirectly, whether on their own behalf or on behalf of others, transactions in Legrand shares (i) as a minimum, during the 30 days preceding publication of annual, half-yearly and quarterly financial statements, and the two stock market trading days following their publication, and (ii) where they are apprised of a project liable to constitute inside information, throughout the period from the date a meeting of the Board of Directors is called to consider this project and the date of its official public announcement by Legrand.

Company officers, permanent insider and similar persons may seek the advice of the Chief Financial Officer before executing a transaction in Legrand securities, it being specified that the Chief Financial Officer will only provide an advisory opinion and that the decision to execute or not the transaction is the sole responsibility of the person having requested the advice.

7.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2013

In 2013, the Board met six times. Attendance of Directors at Board meetings was satisfactory, with the attendance rate over 87% for 2013, up by more than 6% on the attendance rate in 2012.

Representatives of the Central Works Council attend the meetings of the Board of Directors.

In order to allow it to perform its duties in the best conditions, the Rules of Procedure of the Board state that its deliberations should be prepared in certain fields by specialized Committees: the Audit Committee, the Strategy and Social Responsibility Committee, and the Nominating and Compensation Committee. At Board meetings, these Committees present detailed reports on their work. Participation in meetings of specialized Committees averaged 97% in 2013. Please refer to section 7.1.2 of the Company's Registration Document for further information.

Topics covered in 2013 by the Board of Directors

In 2013, the Board met to consider the following agenda:

- *Company results:*
  - approval of the consolidated and company financial statements for the financial year ended December 31, 2012 and the related reports, the consolidated quarterly financial statements at March 31, 2013, the half yearly consolidated financial statement and the related report at June 30, 2013, and the consolidated quarterly financial statements at September 30, 2013;
  - report of the Audit Committee on:
    - review of annual, half-year and quarterly consolidated financial statements as well as Company financial statements,
    - review of management reports and half-yearly activity reports,
    - summary report by Statutory Auditors,
    - review of accounting options,
    - presentation of the budget and guidance for 2013,
    - review of related press release figures,
    - work of external auditors (including additional assignments) and the budget for their fees,
    - review of the Group's risk management approach and risk management, audit and internal control scheme, and of the related organizations and resources,
    - examination of the internal audit plan for 2013 and the review of audit summaries,
    - examination of risk mapping;
    - review of the report by the Chairman of the Board of Directors on corporate governance, risk management and internal control;
  - review and approval of the press release on the annual, half-yearly and quarterly consolidated financial statements;
  - proposal for appropriation of earnings;
  - presentation of forecast financial statements for 2013;
  - summary of market reactions to the publication of the Group's results at December 31, 2012.
- *Governance:*
  - changes in the membership of the Board of Directors and its Committees;
  - self-evaluation of the performance of the Board of Directors and its Committees (summary and proposals);
  - report of the Nominating and Compensation Committee on:
    - selection process for new directors and the examination of the application of Ms. Annalisa Loustau Elia as an independent director,
    - procedure for qualification as independent directors,
    - membership of specialized Committees in view of changes in Board membership,

- presentation of items for consideration by members of the Nominating and Compensation Committee following publication in June 2013 of the new Code of Corporate Governance,
- examination of compensation for the Executive Director in respect of 2012,
- determination of the principles of compensation of the Executive Director in respect of 2013,
- examination of the achievement of performance conditions tied to performance shares allocated to Executive Directors in 2011,
- setting-up of a long term incentive scheme in respect of 2013,
- determination of rules applicable to the 2014 long term incentive scheme,
- coverage of the performance share and share subscription or purchase plan for which vesting took place in 2013,
- allocation of attendance fees,
- approval of parts of the Registration Document, in particular parts on the compensation of the Executive Director;
- modification of the Rules of Procedure of the Board of Directors;
- appointment of Ms. Angeles Garcia-Poveda as Lead Director;
- setting-up of an annual meeting of non-executive Directors without the Executive Director being present, said meeting being chaired by the Lead Director;
- review of regulated agreements approved during previous years, the performance of which continued during 2012.

- *Financial management of the Company:*
  - financing of the Company and the Group;
  - annual renewal of authorizations for refinancing;
  - renewal of annual powers granted to the Chairman for guarantee, endorsements and security;
  - delegation of powers to the Board of Directors to be proposed to the Shareholders' General Meeting;
  - implementation of the delegation approved under the sixth resolution of the Combined Ordinary and Extraordinary Shareholders' General Meeting on May 24, 2013;
- *Company strategy and growth:*
  - Strategy and Social Responsibility Committee report on the 2013 budget, on projected acquisitions, and on a review of acquisitions made and of strategic guidelines for future acquisitions;
  - approval of acquisition projects involving an amount in excess of 100 million euros;
  - regular progress reports on acquisition projects envisaged;
  - presentations, especially at the Board of Directors annual seminar, on strategic topics relating to competition and markets, innovation, research and development, and industrial processes;
  - annual review of the sustainable development process and policy on equal opportunity for employment and compensation.
- *Preparation for the Annual Shareholders' General Meeting:*
  - convening of the annual Combined Ordinary and Extraordinary Shareholders' General Meeting (setting of the agenda and approval of proposed resolutions);
  - production of reports for the Shareholders' General Meeting.
- *Others:*
  - presentation of a detailed breakdown of Company share ownership;
  - presentation of the 'Safeguarding of employment' Act of June 14, 2013;
  - confirmation of capital increase following the exercise of options and terms of coverage of performance share and share subscription or purchase plan for which vesting took place in 2013.

Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors

Since 2007, a formal assessment of the Board of Directors and its specialized Committees has been performed every year in order to measure, as required by the Code of Corporate Governance, (i) the methods of operation of the Board and its specialized Committees, (ii) the quality of preparation and debate regarding significant matters, and (iii) the effective contribution of each Director to the work of the Board, and his/her involvement in deliberations.

In compliance with its Rules of Procedure, the work of the Board of Directors is reviewed and assessed at least once a year. This is a separate point on the agenda of the meeting concerned, and is reported on in the Company's annual report.

A self-evaluation was carried out at the end of 2012, using a questionnaire issued to Directors, with the possibility of scheduling individual meetings with the Secretary of the Board of Directors.

The summary of this self-evaluation presented at the start of 2013 showed that Directors considered 2012 a particularly rich year, during which the Board and its specialized Committees had been especially active. The Board had met 6 times, the Audit Committee 4 times, the Nominating and Compensation Committee 7 times, and the Strategy and Social Responsibility Committee twice, it being specified that individual meetings had also been scheduled between Audit Committee members and some Legrand management staff. The Board had been given varied presentations (annual review of the sustainable development process and Group policy on equal opportunity for employment and compensation; presentation of a partnership project in the field of independent assisted living; presentation of the Group's activities in the Russia/CIS area). Guided tours and training sessions had also been organized, including the tour of Legrand showroom designed for customer training purposes and specialized in products for commercial and industrial environments, and tours of some Legrand industrial facilities for newly appointed Directors, as part of an induction program.

Self-evaluation also showed Directors to be globally satisfied, particularly as regards (i) Board membership, in terms of independence and exchange of experience, (ii) the quality of information supplied, especially in the context of review and approval of the Group's financial statements and management report, (iii) the diversity of events organized in 2012 (presentations and tours), which had enabled Directors to be apprised of the necessary information to best perform their duties and gain a good level of knowledge of the Group, and (iv) material organization of Board meetings. Directors had especially appreciated the fullness of the supporting literature supplied along with notice to attend, and the frequency of meetings. Directors also highlighted the quality of the work of the specialized Committees.

During the self-evaluation, Directors expressed requests relating to (i) the nature of topics addressed by the Board, Directors suggesting that the agenda include risk management and some other specific items such as Company share-ownership and a summary of market reactions to results releases, (ii) the continuation in 2013 of the organization of specific operational presentations and site tours, and (iii) the working of the Board, especially the duration of its meetings.

In view of this, and in response to the suggestions formulated by Directors, the following measures have been implemented in the course of 2013 so that the operation of the Board of Directors be improved:

- **topics addressed by the Board:** specific items were presented to the Board concerning Company share-ownership and a summary of market reactions to the release of results at December 31, 2012. Furthermore, at the Board of Directors meeting on November 6, 2013, the Audit Committee gave a detailed presentation on Group risk mapping, with a particular focus on information technology related risks;
- **organization of presentations and tours:** a Board Seminar took place in Limoges on March 6, 2013, enabling Directors to get to meet the Group's operational managers, to tour certain production facilities and laboratories, and to be given detailed presentations on some topics of strategic interest to the Group. Also, as in 2012, various presentations were organized in 2013 during meetings of the Board of Directors: annual review of the sustainable development process, policy on equal opportunity for employment and compensation, presentation of acquisition projects, monitoring of legal developments (presentation of the Safeguarding of employment Act of June 14, 2013; analysis of the revised version of the Code of Corporate Governance released on June 16, 2013);
- **workings of the Board:** the duration of Board meetings was extended by a half-hour.

Moreover, non-executive Directors met at a meeting chaired by the Lead Director immediately after the Board of Directors meeting on November 6, 2013, without the Executive Director being present, in particular in order to carry out an evaluation of the Executive Director's performance and consider future prospects for Company management.

In November 2013, a questionnaire was sent to Company Directors to assess the functioning of the Board and its Committees for the 2013 financial year. As provided for in the Rules of Procedure, this formal evaluation is henceforth supervised by the Lead Director.

Lead Director's report for 2013

Following her appointment as Lead Director by the Board of Directors on November 6, 2013, Ms. Angeles Garcia-Poveda called and chaired the first meeting of the Company's non-executive Directors, without the Executive Director being present.

During this meeting, the following topics were successively addressed: evaluation of the Executive Director's performance, renewal of the term of office of the Chairman and Chief Executive Officer, and evaluation of the operation of the Board.

It is specified that a more complete report relating to the Lead Director's work with respect to the 2014 financial year will be presented at the beginning of 2015, i.e., after the performance by the Lead Directors of her tasks during a full year.

7.1.2 - Board of Directors' specialized 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 three such permanent special Committees:

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

In addition to the permanent Committees, the Board of Directors may at any time set up one or several *ad hoc* committees, which may or may not be temporary, and determine their membership and operation as it sees fit.

Finally, the Chief Executive Officer may create an executive committee and determine its membership and scope.

7.1.2.1 COMPOSITION OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Principles

The Board of Directors appoints Committee members with the advice of the Nominating and Compensation Committee, for a term which is determined by the Board of Directors and may not exceed the term of office as Directors. The Board of Directors may remove them after consultation with the Nominating and Compensation Committee for advice.

With respect to the Audit Committee, it has a maximum of five members. Members of the Audit Committee may not be executive directors or managers holding salaried positions with the Company or any of its subsidiaries. Members of the Audit Committee should be competent in finance or accounting.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee at the proposal of the Nominating and Compensation 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.

With respect to the Nominating and Compensation Committee, it has a maximum of five members. The Nominating and Compensation Committee should not include any Executive Directors. The Chairman of the Nominating and Compensation Committee is chosen by the members of the Nominating and Compensation Committee, from among the independent members of the Nominating and Compensation Committee.

With respect to the Strategy and Social Responsibility Committee, it has a maximum of five members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of the Strategy and Social Responsibility Committee at the proposal of the Nominating and Compensation Committee, from among the members of the Strategy and Social Responsibility Committee.

Current composition of the specialized Committees

The Audit Committee

The Audit Committee is made up of three members appointed by the Board of Directors, all three of whom are independent: Ms. Christel Bories, Ms. Éliane Rouyer-Chevalier, and Mr. Gérard Lamarche. Their biographies and education can be found in chapter 7.1.1.1 of the Company's Registration Document.

The Audit Committee is chaired by Mr. Gérard Lamarche, who has considerable expertise and broad financial and accounting skills. The Committee also draws benefit from Ms. Éliane Rouyer-Chevalier's financial and accounting skills and from Ms. Christel Bories' operational experience.

With all Audit Committee members being independent, membership of the Audit Committee is compliant with the Code of Corporate Governance which recommends that two-thirds of members be independent Directors.

The Nominating and Compensation Committee

The Nominating and Compensation Committee is made up of three members appointed by the Board of Directors, including two independent Directors: Ms. Angeles Garcia-Poveda (independent Director), Mr. Olivier Bazil, and Mr. Gérard Lamarche (independent Director). Their biographies and education can be found in chapter 7.1.1.1 of the Company's Registration Document.

The Nominating and Compensation Committee is chaired by Ms. Angeles Garcia-Poveda, whose long-standing experience in Human Resources and whose current position as an executive at Spencer Stuart give her considerable familiarity with the issues dealt with by the Nominating and Compensation Committee. Mr. Olivier Bazil's in-depth knowledge of the Group provides an added dimension to the Committee's proceedings, as do the expertise and experience of Mr. Gérard Lamarche.

With two independent Directors out of three members, membership of the Nominating and Compensation Committee is compliant with the Code of Corporate Governance which recommends that a majority of members be independent Directors.

The Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee is made up of four members appointed by the Board of Directors: Ms. Christel Bories and Ms. Angeles Garcia-Poveda, who are both independent Directors, Mr. Olivier Bazil, and Mr. Gilles Schnepp.

The Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories, whose operational experience is very valuable for the Committee working. Ms. Angeles Garcia-Poveda provides the Committee with the benefit of her past experience with the Boston Consulting Group and her current experience as an executive at Spencer Stuart. Meanwhile, Mr. Olivier Bazil and Mr. Gilles Schnepp make sure the Strategy and Social Responsibility Committee enjoys the benefit of their in-depth knowledge of the Group and of its businesses.

7.1.2.2 FUNCTIONING OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Each Committee determines its annual meeting schedule, taking into account the schedules for Board meetings and Shareholders' General Meetings.

Each Committee meets as often as required to consider issues falling within its domain of competence upon convocation by the Chairman of the Committee or by half of its members. If the Chairman of the Board considers that a Committee has not met as often as necessary pursuant to the following rules which are specific to each Committee, he may cause a Committee meeting to be convened. The Chairman may also convene a Committee meeting if he deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location. The Committees' secretariat tasks shall be undertaken by the persons appointed by the Chairman of the Committee or by agreement with the Chairman.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

The Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below. The duties and operating rules of the Company's Audit Committee were determined on the basis of the conclusions of the AMF working party on audit committees in July 2010.

Assignment of the Audit Committee

The Committee assists the Board of Directors in the conduct of its mission as regards the adoption of annual Company's and consolidated financial statements and the preparation of information for shareholders and the market. It monitors the efficiency of internal controls and risk management. It is also charged with monitoring issues relating to the establishment and control of accounting and financial information, as well as legally required verification of accounts.

The Audit Committee must conduct regular hearings of the Statutory Auditors, including hearings without the presence of executive officers.

Should the Audit Committee call upon outside experts, it 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 the internal control and risk management systems exist;
  - to assess the efficiency and quality of the Group's internal control procedures, in order to ensure that these contribute to the production of annual Company's and consolidated financial statements providing a true and fair presentation of the Company and its Group, and complying with applicable accounting standards;
  - to give its opinion on the organization of the internal audit and risk control departments;
  - to monitor the implementation and effectiveness of risk management procedures;
  - to ensure that corrective actions are implemented in the event of significant weaknesses or flaws;
  - to examine the risks and the material off-balance-sheet commitments, to assess the importance of any failures or weaknesses which are communicated to it and if necessary, to inform the Board of Directors;
  - to ensure the relevance and quality of the Company's financial communications;
  - to conduct hearings of the person in charge of Corporate Social Responsibility (CSR) issues about (i) risks, especially for the CSR risk mapping, (ii) the conclusions of the independent third-party body in charge of reviewing extra-financial data, and (iii) the methods of construction and analysis of the roadmap. In this framework, the Audit Committee may decide, with approval from the Board of Directors, to entrust special assignments to one of its members, it being specified that in accordance with the provisions of Article 3.5 of the Rules of Procedure of the Board of Directors, undertaking such tasks may give rise to additional fees;
  - to receive the internal control and risk management report drawn up in compliance with Article L. 225-37 of the French Commercial Code and to make any observations it sees fit.

The Statutory Auditors must be heard at the Audit Committee meetings dealing with evaluation of the process for preparing financial information and review of the financial statements in order to report on the execution of their tasks and the conclusions of their work.

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

- **As regards reviewing of financial statements**, the Board of Directors entrusts the Audit Committee with the following tasks:
  - 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 the Chief Financial Officer describing the Company's risk exposures and its material off-balance-sheet commitments.

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

- **As regards external control procedures**, the Audit Committee's main task is to ensure the proper examination of annual Company's 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's and consolidated financial statements;
  - by organizing processes for the selection of statutory auditors and examining the issues relating to the appointment, renewal or removal of the Company's Statutory Auditors. The Audit Committee shall suggest to the Board of Directors a procedure for the selection of the Statutory Auditors. In the event of a call for tenders, the Audit Committee must supervise it and approve the specifications and the choice of firms consulted, making sure that the selection results in the appointment of the "best bidder". The Audit Committee also submits a recommendation to the Board of Directors regarding the Statutory Auditors proposed for appointment by the Shareholders' General Meeting;
  - by receiving each year, from the Statutory Auditors, (i) their statement of independence; (ii) the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company, in respect of services not directly related to the statutory auditors' assignment and (iii) information concerning the services supplied in respect of the tasks directly related to the Statutory Auditors' engagement;
  - by examining the amount and details of the remuneration paid by the Group to the Statutory Auditors' firm and to the network to which the firm may belong. In this respect, the Audit Committee is to obtain details of the fees paid by the Company and its Group to the statutory auditors' firm and to the network to which it belongs, and to ensure that the amount of such fees, or the fraction they represent of the total revenues of the statutory auditors' firm and of the firm's network, are not such that the independence of the Statutory Auditors might be affected.

Operation of the Audit Committee

The Audit Committee meets as often as may be necessary. The Audit Committee must regularly report on its activities to the Board of Directors, and in any event, at the time of the approval of the annual and six-monthly financial statements. The reports of the Audit Committee to the Board of Directors aim at keeping the Board of Directors fully informed in order to facilitate its deliberations.

A meeting of the Audit Committee is validly held if at least a majority of its members are present. Decisions are taken by simple majority vote, with its Chairman having a casting vote.

Pursuant to the provisions of the Code of Corporate Governance and to the extent possible, the Audit Committee meets 48 hours before the review of the financial statements by the Board of Directors, it being specified that this period of time may be reduced from time to time, with the agreement of the Chairman and of the members of the Audit Committee.

Meetings of the Audit Committee may take place by telephone or video-conference.

The Nominating and Compensation Committee

The powers and operation of the Nominating and Compensation Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Nominating and Compensation Committee

Assignments relating to appointments

The Nominating and Compensation Committee is tasked with:

- considering and submitting proposals to the Board of Directors for appointment to the positions of Directors, of Lead Director, of Chief Executive Officer, of Chief Operating Officer, of the Chairman of the Board, of the members and Chairman of the Audit Committee and Strategy and Social Responsibility Committee; to that end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- considering proposals submitted by interested parties including management and shareholders;
- periodically assessing the operation of the Board of Directors and managers' performance;
- producing a plan for replacement of managers 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 regulations.

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 corporate officers.

Assignments relating to compensation

As regards the compensation of managers, the Nominating and Compensation Committee is required to:

- assess all forms of compensation, including benefits in kind, insurance and pension entitlements received from any company in the Group and any affiliated company;
- examine and submit proposals to the Board of Directors regarding the compensation of the managers, in particular as regards the calculation of the variable portions of compensation. To this end, it is to define the rules for calculating this variable portion, taking into due account the need for consistency with annual assessments of corporate officers' performance and the Group's medium-term strategy; it also oversees proper application of these rules;
- ensure the Company's fulfillment 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 assures itself that all legally required information concerning compensation is fully and clearly set forth in the annual report.

As regards Directors' compensation, the Nominating and Compensation Committee:

- draws up proposals for the allocation of Directors' fees in accordance with the provisions of the Board's Rules of Procedure;
- makes recommendations concerning 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 Nominating and 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 Shareholders' General Meeting;
- 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 for the Board of Directors' decisions on such systems and on employee share ownership plans benefiting managers or any employee or group of employees of the Company or its subsidiaries.

Operation of the Nominating and Compensation Committee

The Nominating and Compensation Committee meets at least twice a year, and in all cases prior to approval of the agenda of the Annual Shareholders' General Meeting, to review the draft resolutions which are to be submitted to it and which fall within the Committee's scope of competence. The Nominating and Compensation Committee must report on its activities to the Board of Directors.

The Nominating and Compensation Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Nominating and Compensation Committee may be held by telephone or videoconference.

The Strategy and Social Responsibility Committee

The powers and operation of the Strategy and Social Responsibility Committee are outlined in the Board's Rules of Procedure, the provisions of which are restated below.

Assignment of the Strategy and Social Responsibility Committee

The mission of the Strategy and Social Responsibility Committee is to assist the Board of Directors in its decisions on strategic directions for the Company's business, and in particular to:

- examine all significant projects concerning the Group's development and strategic positioning, in particular projects for strategic partnerships and significant investments or divestments; and
- 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.

In addition, the Board of Directors has approved, at the beginning of 2014 and on the proposal of its Chairman, the extension of the Strategy and Social Responsibility Committee's tasks in order to cover thoroughly Corporate Social Responsibility topics during specific meetings. Therefore, the Strategy and Social Responsibility Committee is particularly in charge of:

- assessing consistency between Group strategy and the CSR principles espoused by the Group and ensuring 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;
- evaluating the adequacy of means available to the Group in the fulfilment of its CSR strategy, in connection with the aims pursued;

- taking cognizance of the main findings and observations of the independent third-party body, assessing them and examining related management action plan.

Operation of the Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year. The Strategy and Social Responsibility Committee must report on its activities to the Board of Directors.

The Strategy and Social Responsibility Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by telephone or videoconference.

Services offered by external consultants

The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon.

In the event of Committees having recourse to services offered by external consultants, the Committees must ensure that the consultant concerned is objective.

7.1.2.3 WORK DONE BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2013

Work done by the Audit Committee in 2013

The Audit Committee met on five occasions during 2013 financial year. Attendance for the year was 100%. In 2013, the Audit Committee met to consider the following agenda:

- *Company results:*
  - presentation of parent company and consolidated annual financial statements at December 31, 2012, of the management report on the consolidated financial statements for the financial year ended December 31, 2012, of quarterly consolidated financial statements at March 31, 2013, of half-year consolidated financial statements at June 30, 2013 together with the half-year financial report, and the financial statements for the nine months ended September 30, 2013 (review of work of Statutory Auditors);
  - review of key figures in the press release on annual, quarterly and half-year consolidated financial statements and assumptions on prospects for 2013 as well as accounting options.
- *Risk management and internal control:*
  - review of the Group's risk management policy and scheme, its audit and internal control schemes, and of the related organizations and resources;
  - review of the internal control and risk management section of the report of the Chairman of the Board on corporate governance, risk management and internal control;
  - examination of risk mapping, especially for information technology related risks.
- *Auditing and relations with external auditors:*
  - review of the assignments of Statutory Auditors (including additional assignments) and budget for auditors' fees;
  - review of the 2013 internal audit plan, review of the audit summaries and fraud report.
- *Others:*
  - presentation of the Registration Document.

The Audit Committee met with Statutory Auditors without the Company's general management being present, in line with the recommendations of the Code of Corporate Governance.

Work done by the Nominating and Compensation Committee in 2013

The Nominating and Compensation Committee met on three occasions during 2013 financial year. Attendance for the year was 89%. In 2013, the Committee met to consider the following agenda:

- *Compensation:*
  - compensation of the Executive Director in respect of the 2012 financial year (amount of compensation: fixed salary, quantitative and qualitative bonuses, insurance, retirement supplement, non-competition clause, benefits in kind, long term incentive plan and setting of performance conditions);
  - attendance fees (allocation for 2012 financial year, and determination of the allocation rules for 2013);
  - rules for the compensation of the Executive Director for the 2013 financial year (setting fixed salary, principles for calculating bonuses, principles of the long term incentive plan);
  - setting up of the 2013 long term incentive plan, including allocation of future performance units to the Executive Director and members of the Group's Executive Committee, as well as plan rules;
  - determination of principles relating to the 2014 long term incentive plan;
  - determination of terms of coverage of the performance share and share subscription or purchase plan vesting in 2013;
  - review of attainment of 2011 plan performance conditions for the final allocation of performance shares to Executive Directors.

- *Membership of the Board of Directors and its Committees:*
  - procedure for the review of the status of independent Directors;
  - examination of the various directorship nominations, particularly that of Ms. Annalisa Loustau Elia;
  - appointment of Ms. Angeles Garcia-Poveda as Chair of the Nominating and Compensation Committee and as Lead Director;
  - changes in membership of the Audit Committee, the Nominating and Compensation Committee, and the Strategy and Social Responsibility Committee;
- *Others:*
  - review of a part of the report of the Chairman of the Board on corporate governance, risk management and internal control, and of certain parts of the Registration Document;
  - considerations following the publication in June 2013 of the new Code of Corporate Governance.

Work done by the Strategy and Social Responsibility Committee in 2013

The Strategy and Social Responsibility Committee met on three occasions during 2013 financial year. Attendance for the year was 100%. In 2013, the Strategy and Social Responsibility Committee met to consider the following agenda:

- *Acquisitions:*
  - review of acquisitions made from 2005 to 2013;
  - projected acquisitions;
  - strategic orientations for future acquisitions.
- *Budget:*
  - presentation of the 2012 estimate and the projected 2013 budget;
  - approval of the 2013 budget.

7.1.3 - General Management of the Company

7.1.3.1 RESPONSIBLE FOR THE GENERAL MANAGEMENT OF THE COMPANY

Mr. Gilles Schnepp is responsible for the general management of the Company. He is also Chairman of the Board of Directors. He was appointed on March 17, 2006.

Readers are invited to refer to paragraph 7.1.1 of this Registration Document for information about Mr. Gilles Schnepp.

7.1.3.2 FUNCTIONING OF THE GENERAL MANAGEMENT OF THE COMPANY

Choice relating to general management of the Company

Principles

The Board of Directors shall decide, under the conditions set out in the Company's Articles of Association, whether the General management is performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer.

Shareholders and third parties are to be informed of this decision in accordance with applicable laws and regulations. Responsibility for the exercise of the powers of general management can be changed at any time. The Board of Directors must discuss whether to keep the current system whenever the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes to an end.

When the Chairman of the Board of Directors is responsible for the general management of the Company, the following provisions relating to the Chief Executive Officer apply.

The Chief Executive Officer must always be a physical person aged under 65 at the time of appointment. When the Chief Executive Officer has reached this age limit, he is considered as having resigned from the role after the Ordinary Shareholders' General Meeting called to approve the financial statements from the past year and held in the same year the age limit is reached. The Chief Executive Officer can always be reelected. The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority. If the Chief Executive Officer is temporarily unable to perform his functions, the Board of Directors may appoint a Director to act as Chief Executive Officer. The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him. Chief Operating Officers must always be a physical person. They may or may not be Directors. In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer ad well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer. If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

Choice of the combination of the offices of Chairman and Chief Executive Officer by the Board of Directors

According to the Code of Corporate Governance, "*corporations with Boards of Directors have an option between separation of the offices of Chairman and chief executive officer and maintenance of the combination of such duties. The law does not favor either formula and allows the Board of Directors to choose between these two forms of exercise of executive management*".

At its meeting of March 17, 2006, the Board of Directors decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This form of governance was chosen in the context of the Company's initial public offering and has proved efficient ever since. The combination of duties corresponds both to Company tradition and to the reality of Legrand's operating model.

The combination of duties takes effect in a context of respect for the respective prerogatives of the various governance bodies, and a certain number of safeguards have been established within the Company to guarantee the proper operation of the Board of Directors and its specialized Committees, to ensure a balance of powers within the Company and, generally, to prevent or resolve any situations of conflict of interest.

In this respect, the establishment of the following safeguards may be noted:

- pursuant to the Rules of Procedure of the Board of Directors, mandatory appointment of a Lead Director whose duties, means and prerogatives are outlined precisely (for more details, see section 7.1.1.1 of the Company's Registration document) if the positions of Chairman and of Chief Executive Officer are held by the same person;
- appointment of Ms. Angeles Garcia-Poveda as Lead Director by the Board on November 6, 2013;
- setting-up of an annual meeting among non-executive Directors, chaired by the Lead Director;
- existence of a strong proportion of independent Directors on the Board of Directors (70%) and its specialized Committees (the share of independent Directors is 100% on the Audit Committee, two-thirds on the Nominating and Compensation Committee, and 50% on the Strategy and Social Responsibility Committee);
- chairmanship of the specialized Committees entrusted to independent Directors: as stated previously, the Audit Committee is chaired by Mr. Gérard Lamarche (independent Director), the Nominating and Compensation Committee is chaired by Ms. Angeles Garcia-Poveda (independent Director), and the Social Responsibility Committee is chaired by Ms. Christel Bories (independent Director).

The Rules of Procedure of the Board of Directors comprise various other safeguards, including the possibility for the specialized Committees to call upon the help of outside experts; the possibility granted to the Audit Committee to question the Statutory Auditors without Executive Directors being present, or to question any persons contributing to the production or control of Company financial statements, without Executive Directors or any Directors holding active positions within the Company being present (for more details, see section 7.1.2.2 of the Company's Registration Document).

Plurality of mandates

Mr. Gilles Schnepp, Chairman and Chief Executive Officer, is also a member of the Board of Directors of another French listed company. The number of directorships held by Mr. Gilles Schnepp therefore complies with the Code of Corporate Governance recommendation that executive directors should hold no more than two other directorships in listed companies outside the Group, including outside France.

Moreover, the Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Compensation Committee of any intention to take on another directorship, and must ask the Board for its opinion before accepting any new directorship in a listed company, in line with the provisions of the Board's Rules of Procedure.

7.1.3.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations which are non-invocable to third parties and which the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to Shareholders' General Meetings and to the Board of Directors.

The Rules of Procedure of the Board of Directors lists the important decisions and transactions requiring prior approval from the Board of Directors. These decisions and transactions are listed in section 7.1.1.2 of the Company's Registration Document.

7.1.4 - Service agreements

As of the date of this Registration Document and as far as the Company is aware, there is no services contract in force entered into between members of administration or management bodies and the Company or any of its subsidiaries which stipulates the awarding of benefits.

7.2 - COMPENSATION AND BENEFITS OF DIRECTORS

7.2.1 - Principles and rules for determining the compensation and benefits of Directors

This section has been drawn up with the assistance of the Nominating and Compensation Committee.

Compensation of Executive Directors is set by the Board of Directors on the basis of recommendations made by the Nominating and Compensation Committee.

7.2.1.1 COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principles for determining compensation

The Chairman and Chief Executive Officer's compensation includes the following items, it being specified that he receives no compensation either in the form of director's fees or any other in respect of directorships held in Group subsidiaries:

Annual compensation

The annual compensation of the Chairman and Chief Executive Officer has been determined on the basis of the principles mentioned in the Code of Corporate Governance: completeness, balance between compensation items, benchmark, consistency, and comprehensibility of rules and measures. It includes the following items:

- **fixed annual compensation of €625,000**. The amount for fixed annual compensation was set at €625,000 by the Board of Directors on March 3, 2011, in view of levels of responsibility and experience as well as market practices determined by way of a survey conducted by independent consultants. It was agreed that this amount would remain unchanged for three financial years (2011, 2012 and 2013), as recommended by the Code of Corporate Governance. In respect of 2014, the Chairman and Chief Executive Officer requested that no changes be made to his fixed annual compensation and that it be kept at the level of the three prior financial years, namely €625,000;
- **variable compensation, the target value of which was set at 100% of the fixed compensation**, which could vary between 0% and 150% of said fixed compensation, depending on the extent to which the pre-established qualitative and quantitative criteria presented in the table below were achieved. In terms of target value, the quantitative part accounts for 75% of variable compensation and the qualitative part, 25%.

It should be noted that previously (until the 2012 financial year included), annual variable compensation could vary between 0% and 200% of fixed compensation and that in agreement with the Chairman and Chief Executive Officer, the Board of Directors, on the recommendation of the Nominating and Compensation Committee, modified its structure to be more and more in line with best market practices.

For the 2013 financial year, the level of completion applicable to the quantitative criteria is mentioned in page 172. Targets relating to the quantitative criteria for the 2014 financial year have been precisely determined but are not publicly disclosed for confidentiality reasons.

				Min	Target	Max
Quantitative 75% of variable total	Economic income	Adjusted operating profit less the cost of capital employed		0%	50%	75%
	Organic growth	Organic revenue growth as a %		0%	10%	15%
	Acquisitions	Revenue growth by scope of consolidation		0%	5%	7.5%
	Corporate Social Responsibility (CSR)	Achievement of Sustainable Development road map priorities		0%	10%	15%
	QUANTITATIVE TOTAL		as a % of fixed compensation	**0%**	**75%**	**112.5%**
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies		0%	10%	15%
	Acquisition strategy	Compliance with set priorities, emphasis on multiples, consolidation/development of acquisitions already made		0%	10%	15%
	General criteria	Risk management, labor issues, succession plans		0%	5%	7.5%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**

Long term incentive

The long-term incentive for the Chairman and Chief Executive Officer, the target value of which was set at 100% of fixed compensation, could vary between 0% and 150% of said fixed compensation, depending on the achievement of external and internal performance conditions, before taking account of indexing on the share price. It should be noted that previously, the long-term incentive could vary between 0% and 300% of fixed compensation and that in agreement with the Chairman and Chief Executive Officer, the Board of Directors, on the recommendation of the Nominating and Compensation Committee, modified its structure to be in line with best market practices. This modification has been applied retroactively, at the Chairman and Chief Executive Officer's request. As a consequence of this modification, the value of the allotment made in the favor Chairman and Chief Executive Officer during the 2013 financial year was split by two.

The long term incentive for the Chairman and Chief Executive Officer was designed to reflect the achievement by the Group of long term economic performance. It can come in the form of either of the following instruments:

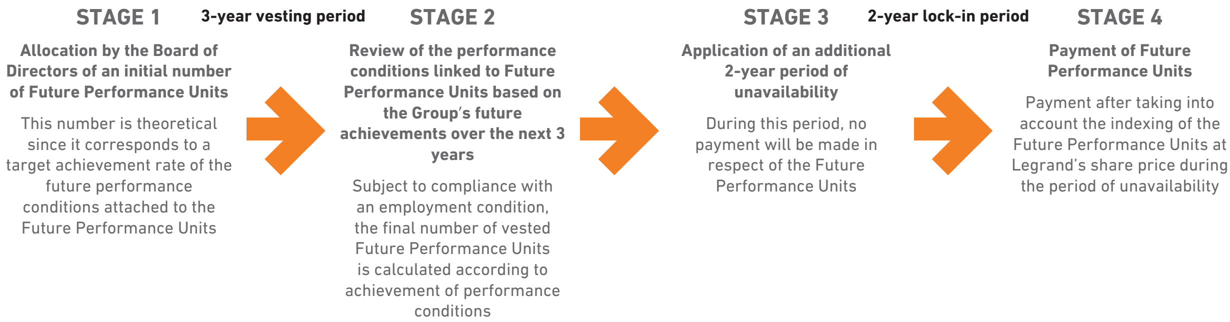
- incentive in the form of future performance units ("**Future Performance Units**"); or
- incentive in the form of options for the subscription and/or purchase of shares schemes or performance shares plans.

Future Performance Units

Considerations by the Nominating and Compensation Committee have led to the setting-up of a Future Performance Unit plan in the Group. The aim of the plan is to create a stronger bind between the compensation of the Chairman and Chief Executive Officer, members of the Group's Executive Committee and Group's key managers members of Management Committee in subsidiaries or central functional departments, and the Group's medium term achievement of economic performance, so as to ensure better alignment between the interests of company management and those of shareholders.

Consequently, on the recommendation of the Nominating and Compensation Committee, the Board of Directors, at its meetings of March 6, 2013 and March 5, 2014, decided to implement Future Performance Unit plans (the "**2013 Performance Unit Plan**" and "**2014 Performance Unit Plan**" respectively) to which Mr. Gilles Schnepp is entitled.

The operation of the 2013 and 2014 Performance Unit Plans is set out in the chart below:



The performance conditions relating to the Future Performance Units are twofold and have been determined so as to better calculate the Group's future achievements:

Nature of performance conditions	Description of performance conditions	Weighting of performance conditions in the total allocation
"External" performance condition	Comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period and the arithmetic average of EBITDA margins achieved by the MSCI World Capital Goods index component stock companies over the same period	50% of the total allocation
"Internal" performance condition	Arithmetic average of the level of normalized free cash flow as a percentage of sales, as published in consolidated financial statements over the three financial years preceding the day of expiry of the three-year vesting period, compared to the target	50% of the total allocation

After a three-year vesting period from the date of the Future Performance Units' first award, performance conditions are tested and the number of Future Performance Units finally granted to beneficiaries is calculated according to the following method:

Calculation method to determine the number of Future Performance Units finally granted

		Min	Target	Max
2013 Performance Unit Plan	**"External" performance condition**	■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points, in the Company's favor	■ Allocation equals 100%* of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor ■ Linear calculation between 4 and 8.3 points	■ Allocation equals 145%* of half the Future Performance Units if the difference between the two averages is equal to 12 or more points in the Company's favor ■ Linear calculation between 8.3 and 12 points
	"Internal" performance condition	■ Allocation equals 0 if the average normalized free cash flow as a percentage of sales is equal to 9% or less	■ Allocation equals 100%* of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.4% ■ Linear calculation between 9% and 12.4%	■ Allocation equals 145%* of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 16% or more ■ Linear calculation between 12.4% and 16%
2014 Performance Unit Plan	**"External" performance condition**	■ Allocation equals 0 if the difference between the two averages is less than or equal to 4 points, in the Company's favor	■ Allocation equals 100% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favor	■ Allocation equals 150% of half the Future Performance Units if the difference between the two averages is equal to 10.5 or more points in the Company's favor
		■ Linear calculation between 4 and 10.5 points		
	"Internal" performance condition	■ Allocation equals 0 if the average normalized free cash flow as a percentage of sales is equal to 9.4% or less	■ Allocation equals 100% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 12.8%	■ Allocation equals 150% of half the Future Performance Units if the average normalized free cash flow as a percentage of sales is equal to 14.5% or more
		■ Linear calculation between 9.4% and 14.5%		

* *At the beginning of 2014, Mr. Gilles Schnepp had given up 50% of the value of the allocation made to him during 2013, as explained in section 7.2.1.1 above.*

An additional two-year period of unavailability is imposed after the three-year vesting period, during which no payment may be made in respect of the Future Performance Units. During this period, the value of the Future Performance Units is indexed to price of Legrand shares.

On expiry of the two-year period of unavailability, the amount to be paid to Mr. Gilles Schnepp will be equal to the unit value of his Future Performance Units[(1)], plus the equivalent of dividends per share paid on Legrand shares during the two-year period of unavailability and capitalized over said period and multiplied by the number of Future Performance Units held by Mr. Gilles Schnepp.

The resignation of a beneficiary during the three-year vesting period automatically cancels the granting of Future Performance Units.

Options for the subscription and/or purchase of shares schemes and performance shares plans

In 2013 and 2014, there was no allocation of options for the subscription and/or purchase of shares, nor any allocation of performance shares.

The options for the subscription and/or purchase of shares schemes and performance shares plans implemented by the Company in respect of previous financial years are outlined in sections 8.2 and 8.3 of the Company's Registration Document. No discount was applied at their implementation and the Company has implemented no hedging instruments for options or performance shares. Mr. Gilles Schnepp has formally undertaken to refrain from using any hedging instruments for the options and/or performance shares allocated to him.

The Company has for many years also implemented a system of profit sharing beyond the legal requirements for the benefit of all its employees and those of its French subsidiaries. The Chairman and Chief Executive Officer has not benefited from this.

The Company is complying with the rules on the granting of options and performance shares defined in the Code of Corporate Governance, apart from the recommendation on the granting of performance shares on the condition that a set number of shares are purchased when granted performance shares vest. Mr. Gilles Schnepp has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all shares acquired until the termination of his duties (including options and performance shares). The Board of Directors, on the proposal of the Nominating and Compensation Committee, has therefore decided not to comply with this recommendation to the letter, as the undertaking to retain shares constitutes a scheme with equivalent effect.

Pension plan

The Nominating and Compensation Committee, in agreement with the Chairman and Chief Executive Officer, has decided to conduct a review of the supplementary pension entitlement in which the Chairman and Chief Executive Officer and the members of the Group Executive Committee, (who are subject to the French pension system for salaried workers), participate, with the aim of taking into account the recent changes in market practices.

The Chairman and Chief Executive Officer has committed in advance to accepting the new provisions of the plan that the Committee will recommend; these provisions may not under any circumstances result in an increase in his potential rights.

Proposals for the new terms of the plan will be submitted to the Board of Directors and presented to the staff representative bodies, and all changes will be submitted to a vote of the General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2014, in accordance with the procedure relating to regulated agreements and commitments and, more generally, the procedure known as "Say on pay".

Termination benefits

With the exception of benefits due on retirement (this information is noted in Table 11, section 7.2.2.1 of the Company's Registration Document) and of the non-compete agreement described below, the Chairman and Chief Executive Officer does not benefit from any commitment concerning components of compensation, indemnities or other benefits that might be due as a result of the termination of his office or assignment to a different position, or subsequently ("golden parachutes").

A non-compete agreement was entered into between the Company and Mr. Gilles Schnepp for two years with the main purpose of submitting the latter to the restrictions under a non-compete clause. If this non-compete clause is implemented at the Company's initiative, the compliance of Mr. Gilles Schnepp with it would occasion the payment by the Company of a monthly indemnity equal to 50% of the average reference salary received over the last 12 months with the Group. The reference salary is composed of the salary plus the annual bonus; it being specified that it does not include any sums paid in respect of long term incentive. The amount of this indemnity would be in line with the recommendations of the Code of Corporate Governance which limit the amount of said indemnity to two years' compensation. This non-compete clause can only be implemented once Mr. Gilles Schnepp has terminated his duties and then at the sole initiative of the Company.

As such, the Company is compliant with the recommendation of the Code of Corporate Governance relating to the benefit of these termination benefits.

(1) **For the 2013 Performance Unit Plan**, *the unit value of the Future Performance Units amounts to the closing price of Legrand shares on the NYSE Euronext Paris market on the day of the exercise by the beneficiary of the Future Performance Units during the two-year period of unavailability. Therefore, the unit value of the Future Performance Units depends on the company's performance on the stock market.*

For the 2014 Performance Unit Plan, *the unit value of the Future Performance Units amounts to the average daily closing price of Legrand shares on the NYSE Euronext Paris market during the two-year period of unavailability. The change to the unit value calculation compared to the 2013 Performance Unit Plan is designed to bring the long-term incentive even more closely in line with the company's stock market performance.*

Contract of employment of the Chairman and Chief Executive Officer

In accordance with the Code of Corporate Governance, the Board of Directors, on March 4, 2009, acknowledged the termination of the contract of employment between Mr. Gilles Schnepp and the Company, with immediate effect and without compensation.

7.2.1.2 ATTENDANCE FEES PAID TO DIRECTORS

The Board of Directors allocates attendance fees to directors based on the recommendation of the Nominating and Compensation Committee and on the total amount of directors' fees allocated by the Shareholders' General Meeting. The maximum amount of attendance fees was set at €600,000 by the Shareholders' General Meeting of May 26, 2011. This resolution remains in force until a new one is adopted.

The allocation of attendance fees between Directors takes into account Directors' participation on the Board and its specialized Committees. Specific duties, such as that of Lead Director, may occasion the allocation of additional attendance fees or the payment of exceptional compensation subject to the application of the procedure for related parties agreement.

The Board of Directors decided, from the 2011 financial year, to allocate the attendance fees paid to Directors as follows:

- €35,000 a year to be paid to each member attending all meetings of the Board of Directors, this amount being reduced by €3,000 for each absence from a meeting of the Board of Directors. As the Board of Directors met six times in 2013, the variable portion of attendance fees for 2013 amounted to €18,000 and the fixed portion to €17,000, in line with the Code of Corporate Governance which recommends that the variable portion of attendance fees be predominant; and
- €5,000 a year further to be paid to each Director who is also a member of a specialized Committee, this amount being increased to €10,000 per year for the chairs of the Strategy and Social Responsibility Committee and of the Nominating and Compensation Committee, and to €20,000 for the chair of the Audit Committee, each of these amounts being reduced by €1,000 for each absence.

With regard to the Lead Director, and in view of the duties specific to this role, the Board of Directors decided on November 6, 2013 to allocate to said Director an additional amount of attendance fees corresponding to one times the fixed portion of directors' fees for one year (information regarding the Lead Director's duties is provided in section 7.1.1.1 of the Company's Registration Document).

These rules for attendance fees comply with the Code of Corporate Governance.

The Chairman and Chief Executive Officer waived his right to receive attendance fees from 2011 during the exercise of his duties.

Please refer to section 7.2.2.2 of the Company's Registration Document on attendance fees paid to Directors in the course of financial years 2012 and 2013.

The next Shareholders' General Meeting will be asked to increase the total maximum amount of directors' fees to €800,000 with effect from the 2014 financial year. This increase in the amount would have several benefits:

- bringing the Company closer to existing market practices: today, a large majority of CAC 40 component stock companies allocate amounts greater than €600,000, and fewer than ten such companies allocate an amount that is similar or lower;
- better rewarding Directors for their work and their commitment: indeed, (i) in the course of 2013, the Board of Directors met six times, the Audit Committee five times, the Nominating and Compensation Committee three times, and the Strategy and Social Responsibility Committee three times, with the duration of meetings being extended; (ii) an annual meeting among non-executive directors was set up, and (iii) new assignments were entrusted to certain Directors through, in particular, the appointment of a Lead Director in November 2013 and the extension, in March 2014, of the scope of the Strategy and Social Responsibility Committee to include Corporate Social Responsibility issues;
- leaving the possibility of appointing additional Directors with a profile favourable to greater diversity and a more international dimension on the Board of Directors.

7.2.2 - Compensation and benefits of Directors

7.2.2.1 COMPENSATION AND BENEFITS ACCRUING TO THE EXECUTIVE DIRECTOR

The summary tables of all of the components of due and paid compensation for the 2013 and 2012 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, are presented below.

Information on the application of the Code of Corporate Governance is presented in section 7.1 of the Company's Registration Document.

Table 1 – Summary of compensation, stock options and shares allocated to the Executive Director

		2012[1]	2013[2]
Gilles Schnepp, Chairman and Chief Executive Officer			
Compensation **due in respect** of the financial year (see Table 2 below for details)			
	(in euros)	1,473,435	1,339,308
Value of long term incentive allocated **in the course** of the financial year			
	(in euros)	-	605,221[3][4]
Value of options allocated **in the course** of the financial year (see Table 4 below for details)[5]			
	Number of options	-	-
	Value *(in euros)*	-	-
Value of performance shares allocated **in the course** of the financial year (see Table 6 below for details)[5]			
	Number of shares	30,710	-
	Value *(in euros)*	758,230[4]	-
TOTAL		**2,231,665**	**1,944,529**

(1) *Mr. Gilles Schnepp decided, on his own initiative, to give up a portion of his bonus due in respect of the 2012 financial year (which would amount to €961,189, based on the performance criteria assessment made by the Nominating and Compensation Committee) and to freeze it at the amount paid to him with respect to 2011 financial year, i.e., €844,161.*

(2) *The calculation of this compensation takes account of the change in method for determining the annual and long-term incentives described in section 7.2.1.1 above; (i) the annual bonus may now vary between 0% and 150% of fixed compensation and no longer between 0% and 200% of fixed compensation, and (ii) the long term incentive may now vary between 0% and 150% of fixed compensation and no longer between 0% and 300% of fixed compensation.*

(3) *During the meeting of the Board of Directors held on March 6, 2013, Mr. Gilles Schnepp was allocated performance units valued at a maximum of €1,875,000 before incorporation of the indexing mechanism on the share price outlined in section 7.2.1.1 of this Registration Document. These performance units are subject to future performance conditions as described in section 7.2.1.1 of the Company's Registration Document. Based on an estimate produced by an independent expert, the IFRS value amounted to €1,210,443 in 2013. At the beginning of 2014, Mr. Gilles Schnepp had given up 50% of the value of the allocation made to him during 2013, as explained in section 7.2.1.1 above. Therefore, the maximum value of the performance units and the IFRS value were (i) from €1,875,000 to €937,500 and (ii) from €1,210,443 to €605,221 respectively. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 8, 2018.*

(4) *Pursuant to IFRS 2, the valuation was performed by an independent expert.*

(5) *Please refer to sections 8.2 and 8.3 of this Registration Document concerning stock option and performance share plans implemented by the Company.*

Table 2 – Summary table of compensation for the Executive Director

	2012		2013	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Annual bonus	844,161(1)	844,161(2)	710,000(3)	844,161
Long term incentive(4)	-	-	-	-
Exceptional bonus	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind(5)	4,274	4,274	4,308	4,308
TOTAL	**1,473,435**	**1,473,435**	**1,339,308**	**1,473,469**

(1) The variable compensation of Mr. Gilles Schnepp for the 2012 financial year was determined (i) for one portion, according to a predefined quantitative criterion linked to the Company's financial performance as measured by "economic result" (adjusted operating income, less the cost of capital used) and (ii) for the other portion, based on the following qualitative criteria: (a) 20% linked to sales, innovation and increased market share, (b) 15% linked to external growth policy, and (c) 15% linked to general criteria such as risk management, sustainable development and labor issues. The quantitative part, whose target value was set at 50% of fixed compensation, could vary between 0% and 100% of said fixed compensation, according to the economic result achieved for 2012 financial year. The qualitative part, whose target value was set at 50% of the fixed compensation, could vary between 0% and 100% of said fixed compensation. For the 2012 financial year, the quantitative and qualitative targets were met at 77% of the maximum. Therefore, the variable compensation for Gilles Schnepp for 2012 financial year should amount to €961,189. However, Mr. Gilles Schnepp suggested freezing his variable compensation at no more than the amount paid to him for the 2011 financial year. Therefore, the total variable compensation paid to him in respect of the 2012 financial year, as determined by the Board of Directors on the recommendation of the Nominating and Compensation Committee, was reduced to €844,161.

(2) One portion of the variable compensation of Mr. Gilles Schnepp for the 2011 financial year was based on a quantitative criterion linked to the Group's financial performance, the targets of which were set at the beginning of 2011. The quantitative portion of variable compensation, the target value of which was set at 50% of fixed compensation, could vary between 0% and 100% of said fixed compensation. The other portion of the variable compensation, the target value of which was set at 50% of fixed compensation (which could vary between 0% and 100% of said fixed compensation), was determined on the basis of three qualitative criteria: 20% linked to organic growth (sales, innovation and increased market share), 15% linked to external growth policy, and 15% linked to general criteria such as sustainable development and labor issues. Mr. Gilles Schnepp's variable compensation, as determined by the Board of Directors on the recommendation of the Nominating and Compensation Committee, amounted to €844,161, corresponding to meeting all quantitative and qualitative targets at 67.5% of the maximum.

(3) Mr. Gilles Schnepp's variable compensation for the 2013 financial year, was determined by the Board of Directors on the recommendation of the Nominating and Compensation Committee, and corresponds to meeting all quantitative and qualitative targets at 75.7% of the maximum or 113.6% of the target. Details of the calculations are below (see section "Annual bonus paid to the Executive Director").

(4) During the meeting of the Board of Directors held on March 6, 2013, Mr. Gilles Schnepp was allocated performance units valued at a maximum of €1,875,000 before incorporation of the indexing mechanism on the share price outlined in section 7.2.1.1 of this Registration Document. These performance units are subject to future performance conditions as described in section 7.2.1.1 of the Company's Registration Document. Based on an estimate produced by an independent expert, the IFRS value amounted to €1,210,443 in 2013. At the beginning of 2014, Mr. Gilles Schnepp had given up 50% of the value of the allocation made to him during 2013, as explained in section 7.2.1.1 above. Therefore, the maximum value of the performance units and the IFRS value were (i) from €1,875,000 to €937,500 and (ii) from €1,210,443 to €605,221 respectively. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 8, 2018.

(5) Amount for the provision of a company car and cell phone.

Fixed compensation paid to the Executive Director

For the 2013 financial year, the fixed compensation paid to Gilles Schnepp was €625,000, unchanged from the 2012 financial year.

Annual bonus paid to the Executive Director

The annual bonus paid to Mr. Gilles Schnepp for the 2013 financial year was determined by the Board of Directors held on March 5, 2014, on the recommendation of the Nominating and Compensation Committee and on the basis of application of the criteria presented in the following chart. It is specified that, in compliance with the Code of Corporate Governance, the Board deliberated on Mr. Gilles Schnepp's compensation without the presence of the latter.

				Min	Target	Max	Actual
Quantitative 75% of variable total	Economic result	Adjusted operating profit less the cost of capital employed	% of fixed compensation	0%	**50%**	75%	**53.9%**
			Economic result in M€		714		725
	Organic growth	Organic revenue growth as a %	% of fixed compensation	0%	**10%**	15%	**11.3%**
			2013 target		0%		0.5%
	Acquisitions	2013 revenue growth by scope of consolidation	% of fixed compensation	0%	**5%**	7.5%	**2.4%**
			% of scope of consolidation on 2013 revenue growth		5%		2.4%
	Corporate Social Responsibility (CSR)	Achievement of 2011-2013 Sustainable Development road map priorities	% of fixed compensation	0%	**10%**	15%	**11%**
			Number of achieved priorities		23		24
	QUANTITATIVE TOTAL			**0%**	**75%**	**112.5%**	**78.6%**
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies		0%	10%	15%	15%
	Acquisition strategy	Compliance with set priorities, emphasis on multiples, consolidation/development of acquisitions already made		0%	10%	15%	14%
	General criteria	Risk management, labor issues, succession plans		0%	5%	7.5%	6%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**	**35%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**113.6%**

Therefore, for the 2013 financial year, the quantitative and qualitative targets were met at 75.7% of the maximum, i.e. 113.6% of the target. As a result, Mr. Gilles Schnepp's variable compensation for 2013 amounted to €710,000.

Long term incentive

Future Performance Units

During the meeting of the Board of Directors held on March 6, 2013, Mr. Gilles Schnepp was allocated performance units valued at a maximum of €1,875,000 before incorporation of the indexing mechanism on the share price outlined in section 7.2.1.1 of this Registration Document. These performance units are subject to future performance conditions as described in section 7.2.1.1 of the Company's Registration Document. Based on an estimate produced by an independent expert, the IFRS value amounted to €1,210,443 in 2013. At the beginning of 2014, Mr. Gilles Schnepp had given up 50% of the value of the allocation made to him during 2013, as explained in section 7.2.1.1 above. Therefore, the maximum value of the performance units and the IFRS value were (i) from €1,875,000 to €937,500 and (ii) from €1,210,443 to €605,221 respectively. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 7, 2016 and since no payments with respect to performance units shall take place before March 8, 2018.

During the meeting of the Board of Directors held on March 5, 2014, Mr. Gilles Schnepp was allocated performance units valued at a maximum of €937,500 before incorporation of the indexing mechanism on the share price outlined in section 7.2.1.1 of the Company's Registration Document. These performance units are also subject to future performance conditions as described in section 7.2.1.1 of the Company's Registration Document. An independent expert estimated that the IFRS value amounted to €600,508 in 2014. The performance units are not immediately due since the attached performance conditions will be reviewed as from March 6, 2017 and since no payments with respect to performance units shall take place before March 7, 2019.

Options for the subscription and/or purchase of shares schemes and performance shares plans

In 2013, as in 2014, there was no allocation of options for the subscription and/or purchase of shares, nor any allocation of performance shares.

Table 4 – Options for the subscription or purchase of shares awarded by the Company and any Group company to the Executive Director during the financial year

The Company or any other Group company did not grant any options for the subscription or purchase of shares to the Executive Director during the 2013 financial year.

Table 5 – Options for the subscription or purchase of shares exercised by the Executive Director during the financial year

Executive Director	Date of plan	Number of options exercised during the year	Exercise price
Gilles Schnepp	N/A	Nil.	N/A

Table 6 – Performance shares freely allocated during the financial year to the Executive Director by the Company and any Group company

The Company or any other Group company did not grant performance shares to the Executive Director during the 2013 financial year.

Table 7 – Performance shares freely allocated which were vested by the Executive Director during the financial year

Executive Director	Date of plan	Number of shares vested during the year	Vesting conditions*
Gilles Schnepp	March 3, 2011	65,737	N/A

* *The Executive Director is not subject to a vesting condition, inasmuch as he has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all shares acquired until the termination of his duties (including stock options and performance shares) (see section 7.1 of this Registration Document).*

The future performance conditions attached to performance shares are described in section 8.3, page 185.

Compensation and benefits due on termination of Executive Director's positions

Table 11

	Employment contract(1)		Supplementary pension entitlement(2)		Indemnities or benefits due or which may become due as a result of termination or change of office		Non-compete clause compensation(3)	
Executive Director	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Gilles Schnepp								
Chairman and Chief Executive Officer		x	x			x	x	
Commencement: 5/22/2008								
Expiration: Shareholders' General Meeting ruling on the accounts for the year ending December 31, 2013								

(1) *In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Mr. Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.*

(2) *The Nominating and Compensation Committee, in agreement with the Chairman and Chief Executive Officer, has decided to conduct a review of the supplementary pension entitlement in which the Chairman and Chief Executive Officer and the members of the Group Executive Committee (who are subject to the French pension system for salaried workers) participate, with the aim of taking into account the recent changes in market practices*

The Chairman and Chief Executive Officer has committed in advance to accepting the new provisions of the plan that the Committee will recommend; these provisions may not under any circumstances result in an increase in his potential rights

Proposals for the new terms of the plan will be submitted to the Board of Directors and presented to the staff representative bodies, and all changes will be submitted to a vote of the General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2014, in accordance with the procedure relating to regulated agreements and commitments and, more generally, the procedure known as "Say on pay"

For the record, under the old provisions of the plan, the Chairman and Chief Executive Officer's potential rights at retirement would have represented around 1% of his reference salary per year of service with the Group, based on an actuarial calculation taking account of the evolution over time of various parameters, including the Chairman and Chief Executive Officer's current target salary*

(3) *As Executive Director, Gilles Schnepp is subject to a two-year covenant not to compete that is enforceable at the Group's initiative. In consideration of this, should the Group decide to enforce the covenant, Mr. Schnepp would receive a monthly indemnity equal to 50% of the monthly average of the reference salary received over the last 12 months with the Group.*

* *The reference salary is composed of the salary plus the annual bonus; it being specified that it does not include any sums paid in respect of long term incentive.*

7.2.2.2 COMPENSATION FOR NON-EXECUTIVE DIRECTORS

The table below presents the amounts paid in attendance fees for 2012 and 2013 for the participation of the Directors in the work done in the previous year. The amount of fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of Committee members, meetings of Board Committees (the rules relating to the determination of the attendance fees are outlined in section 7.2.1.2 of this Registration Document).

Table 3 - Attendance fees and other payments to non-executive directors

Non-executive directors	Gross amounts paid during 2012 *(in euros)*	Gross amounts paid during 2013 *(in euros)*
Olivier Bazil		
Attendance fees	23,333[1]	37,000
Other payments	-	
Christel Bories[2]		
Attendance fees	-	26,250
Other payments	-	-
Mattia Caprioli[3]		
Attendance fees	23,000	5,500
Other payments	-	-
Jacques Garaïalde[4]		
Attendance fees	52,000	42,333
Other payments	-	-
Angeles Garcia-Poveda[2]		
Attendance fees	-	23,333
Other payments	-	-
Edward Gilhuly[5]		
Attendance fees	9,667	-
Other payments	-	-
François Grappotte		
Attendance fees	32,000	35,000
Other payments	-	-
Gérard Lamarche		
Attendance fees	53,000	51,000
Other payments	-	-
Thierry de La Tour d'Artaise		
Attendance fees	23,000	29,000
Other payments	-	-
Frédéric Lemoine[6]		
Attendance fees	50,000	50,000
Other payments	-	-
Dongsheng Li[7]		
Attendance fees	-	17,500
Other payments	-	-

Non-executive directors	Gross amounts paid during 2012 *(in euros)*	Gross amounts paid during 2013 *(in euros)*
Éliane Rouyer-Chevalier		
Attendance fees	20,417	31,917
Other payments	-	-
Ernest-Antoine Seillière(5)		
Attendance fees	11,583	-
Other payments	-	-
Patrick Tanguy(6)		
Attendance fees	41,667	40,000
Other payments	-	-
TOTAL	**339,667**	**388,833**

(1) The amount of attendance fees paid to Mr. Olivier Bazil during the 2012 financial year was calculated on a prorata temporis basis, from the date of stepping down from his duties as Vice Chairman and Chief Operating Officer. Mr. Olivier Bazil had waived his right to receive attendance fees for his work as Director during his term as Executive Director. He stepped down as Vice Chairman and Chief Operating Officer following the Shareholders' General Meeting of May 26, 2011.

(2) Appointed by the Shareholders' General Meeting on May 25, 2012.

(3) End of term on July 26, 2012.

(4) End of term on May 24, 2013.

(5) End of term on May 26, 2011.

(6) End of term on July 31, 2013.

(7) Appointed at the Board of Directors meeting on July 26, 2012 to replace Mr. Mattia Caprioli, who was stepping down.

On March 5, 2014, the Board approved the payment of attendance fees in respect of the 2013 financial year, *i.e.* €400,250.

Executive Director waived his right to receive attendance fees from 2011.

7.2.3 – Shareholding by Directors

Readers are invited to refer to paragraph 7.1.1.1 of this Registration Document.

7.2.4 – Other benefits granted to Directors

The Company has not granted any loan, advance or guarantee to any of its Directors.

7.2.5 - Compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year, submitted for shareholders' opinion

Pursuant to the provisions of Code of Corporate Governance, shareholders shall be consulted on the compensation components due or attributed to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year, at the next Shareholders' General Meeting convened to rule on the 2013 financial statements. These components are detailed in the following chart:

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date
Annual Bonus	€710,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2013 financial year could vary between 0% and 150% of fixed annual compensation (the target value is set at 100% of fixed annual compensation) and would be determined as follows: ■ from 0% to 112.5% (with a target value set at 75%) depending on a quantitative portion calculated on the basis of criteria linked to (i) achievement of a certain level of "economic result," *i.e.* adjusted operating income less the cost of capital used, (ii) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2011-2013 sustainable development road map; and ■ from 0% to 37.5% (with a target value set at 25%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the external growth policy (adherence to set priorities, emphasis on multiples, consolidation/expansion of acquisitions already made), and (iii) other general criteria, particularly risk management, labor issues, and succession plans Based on the work and proposals of the Nominating and Compensation Committee, the Board, at its meeting on March 5, 2014, set: ■ the amount of the variable portion due in respect of meeting quantitative targets at 78.6% of annual fixed compensation; and ■ the amount of the variable portion due in respect of meeting qualitative targets at 35% of annual fixed compensation Details of the rate of achieving the quantitative and qualitative criteria are presented on page 172 of the Company's Registration Document The amount in annual variable compensation due for 2013 therefore corresponds to an achievement rate of 75.7% of the maximum of the annual objectives, *i.e.*, 113.6% of the target
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation
Long term incentive	No amount is due in respect of the 2013 financial year (IFRS value: €605,221)	On the recommendation of the Nominating and Compensation Committee, the Board of Directors, at its meeting of March 6, 2013 decided to implement Future Performance Unit plan to which Mr. Gilles Schnepp is entitled. This plan is described in sections 7.2.1.1 and 7.2.2.1, pages 165 et seq. and pages 172-173 of the Company's Registration Document
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional compensation

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the closed financial year
	Performance shares: Not applicable	There was no grant during the closed financial year
	Other long-term compensation component: Not applicable	There was no grant during the closed financial year
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees (he waives his right to receive attendance fees from 2011)
Valuation of all types of benefit	€4,308	Mr. Gilles Schnepp has a company car and cell phone

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments	Amounts	Details
Severance payment	Not applicable	There is no commitment in this regard
Non-compete compensation	No amount is due in respect of the 2013 financial year	A non-compete agreement was entered into between the Company and Mr. Gilles Schnepp for a period of two years. This agreement can only be implemented once Mr. Gilles Schnepp has left the Company and then at the sole initiative of the Company. If implemented, compliance with the agreement by Mr. Gilles Schnepp would occasion the payment by the Company of a monthly indemnity equal to 50% of the monthly average of the reference salary received over the last 12 months with the Group. The reference salary is composed of the salary plus the annual bonus; it being specified that it does not include any sums paid in respect of long term incentive In accordance with the procedure relating to regulated agreements and commitments, this agreement was authorized by the Board of Directors on March 4, 2009 and approved by the Combined Shareholders' General Meeting of May 26, 2009 (Resolution No. 4)
Supplementary pension plan	No amount is due in respect of the 2013 financial year	The Nominating and Compensation Committee, in agreement with the Chairman and Chief Executive Officer, has decided to conduct a review of the supplementary pension entitlement in which the Chairman and Chief Executive Officer and the members of the Group Executive Committee (who are subject to the French pension system for salaried workers) participate, with the aim of taking into account the recent changes in market practices The Chairman and Chief Executive Officer has committed in advance to accepting the new provisions of the plan that the Committee will recommend; these provisions may not under any circumstances result in an increase in his potential rights Proposals for the new terms of the plan will be submitted to the Board of Directors and presented to the staff representative bodies, and all changes will be submitted to a vote of the General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2014, in accordance with the procedure relating to regulated agreements and commitments and, more generally, the procedure known as "Say on pay".

SHARE OWNERSHIP 08

8.1 - BREAKDOWN OF SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2013.

8.1.1 - Shareholding structure at December 31, 2013

Legrand's shareholding structure at December 31, 2013 is as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	Number	%	Number	%	Number	%
Legrand management and employees (employee savings plan)[(1)]	10,364,033	3.90	18,857,816	6.80	18,857,816	6.81
Treasury stock[(2)]	170,527	0.06	170,527	0.06	-	-
Free float	255,055,957	96.04	258,197,331	93.14	258,197,331	93.19
TOTAL	**265,590,517**	**100**	**277,225,674**	**100**	**277,055,147**	**100**

(1) *Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).*

(2) *Voting rights not exercisable at Shareholders' General Meetings.*

8.1.2 - Change in shareholding structure in 2013

8.1.2.1 INFORMATION ON BREACHES OF LEGAL THRESHOLDS

The Company was notified of the following breaches of the legal thresholds during the 2013 financial year:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
Wendel SA (through the intermediary of Legron BV which it controls)	06/17/2013	06/11/2013	5% of capital and voting rights	Downward	0.0002%	0.0004%
Massachusetts Financial Services (MFS) Company[(1)]	08/14/2013 and 08/19/2013	07/05/2013	10% of voting rights	Upward	10.78%	10.41%

(1) *Massachusetts Financial Services (MFS) Company declared that this exceeding of the threshold was due to a decrease in the Company's total number of voting rights corresponding to the loss of double voting rights previously attached to the Legrand shares sold by Wendel.*

In particular, Massachusetts Financial Services (MFS) Company declared that it did not envisage acquiring control of the Company, did not intend asking to appoint a Board member, supported any procedures designed to crystallize the Company's intrinsic value, and did not intend to initiate any strategic decisions, excluding its participation in voting rights and its participation in action led by the Company in the normal course of business.

To the best of the Company's knowledge, and based on the breaches of thresholds filed with the French Financial Markets Authority (*Autorité des marchés financiers*), no shareholder, other than Massachusetts Financial Services (MFS) Company and BlackRock Inc.[1], holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this Registration Document.

8.1.2.2 CHANGES IN SHAREHOLDING DURING THE 2013 FINANCIAL YEAR

On June 11, 2013, Wendel sold its entire stake in the Group (5.4% of share capital).

Following this sale, Messrs. Frédéric Lemoine and Patrick Tanguy, whose appointments had been proposed by Wendel, stepped down from the Board and its various specialized Committees at the Board of Directors' meeting held on July 31, 2013.

8.1.3 - Shareholding structure at December 31, 2012 and changes to the shareholding structure in 2012

Legrand's shareholding structure at December 31, 2012 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Wendel[(1)]	14,438,049	5.46	27,960,605	9.73	27,960,605	9.74
Legrand management and employees (employee savings plan)[(2)]	10,054,338	3.80	19,021,087	6.62	19,021,087	6.62
Treasury stock[(3)]	151,584	0.06	151,584	0.05	-	-
Free float	239,730,904	90.68	240,196,193	83.60	240,196,193	83.64
TOTAL	**264,374,875**	**100**	**287,329,469**	**100**	**287,177,885**	**100**

(1) Until March 8, 2012, Wendel and KKR were bound through a shareholders' agreement by which the two parties declared they were acting in concert in respect of the Company (see section 8.1.5 below for more information on the end of the concert between these two shareholders).

(2) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(3) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds during the 2012 financial year can be found on page 163 of the 2012 Registration Document filed with the French Financial Markets Authority under No. D. 13-0240.

Until March 8, 2012, Wendel and KKR, major shareholders in the Company, held in concert 11.69% of the Company's share capital and 20.21% of voting rights. As a result of a sale by KKR of a portion of its shares on March 8, 2012, KKR's stake broke below the threshold of 5% of the Company's voting rights and the shareholders' agreement – entered into on April 6, 2011 by Wendel and KKR, pursuant to which they declared they were acting in concert in respect of the Company – expired in accordance with the provisions of said agreement. On March 14, 2012, KKR sold the balance of its stake in the Company's share capital.

In this context, Mr. Mattia Caprioli, whose appointment had been proposed by KKR, stepped down as a Director at the Board of Directors' meeting held on July 26, 2012. At its meeting of May 24, 2013, the Board of Directors noted the decision of Mr. Jacques Garaïalde, a Director who had also been appointed by KKR, not to continue his duties on the Board.

(1) Based on the disclosure of ownership thresholds dated September 28, 2010 filed with the Autorité des Marchés Financiers (6.38% of the share capital and 4.54% of the voting rights on the date of said disclosure).

8.1.4 - Shareholding structure at December 31, 2011 and changes to the shareholding structure in 2011

Legrand's shareholding structure at December 31, 2011 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Wendel[(1)]	15,389,806	5.84	30,779,612	10.11	30,779,612	10.12
KKR[(1)]	15,389,806	5.84	30,779,612	10.11	30,779,612	10.12
TOTAL CONCERT	**30,779,612**	**11.69**	**61,559,224**	**20.21**	**61,559,224**	**20.25**
Legrand management and employees (employee savings plan)[(2)]	10,853,969	4.12	20,827,448	6.84	20,827,448	6.85
Treasury stock[(3)]	560,536	0.21	560,536	0.18	-	-
Free float	221,194,878	83.98	221,616,114	72.77	221,616,114	72.90
TOTAL	**263,388,995**	**100**	**304,563,322**	**100**	**304,002,786**	**100**

(1) Until March 8, 2012, Wendel and KKR were bound by a shareholders' agreement in which they have declared acting in concert in respect of the Company. The main provisions of this shareholders' agreement appear on pages 146 and 147 of the 2011 Registration Document filed with the French Financial Markets Authority under No. D. 12-0291.

(2) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(3) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds during the 2011 financial year and the main provisions of the shareholders' agreement entered into by KKR and Wendel on April 6, 2011, following the expiration of a previous shareholders' agreement entered into on March 21, 2006 when the Company was first listed on the stock exchange, appears on pages 144-147 of the 2011 Registration Document filed with the French Financial Markets Authority under No. D. 12-0291.

8.1.5 - Shareholders' agreement and specific agreements

Since March 8, 2012, the date on which the agreement between Wendel and KKR[(1)] was terminated following KKR's downward breach of the 5% threshold of the Company's voting rights, there are, to the best of the Company's knowledge, and at the date of this Registration Document, no shareholders' agreements in force governing the relationships between Company shareholders nor any acting in concert.

(1) The main provisions of the shareholders' agreement with respect to the governance of the Company and to the transfer of shares, as agreed between KKR and Wendel and reported to the Company and the French Financial Markets Authority, are described on pages 146 and 147 of the 2011 Registration Document filed with the French Financial Markets Authority under No. D. 12-0291.

8.2 - STOCK OPTION PLANS

Table 8 - Breakdown of stock options

Since the 2010 Plan, no options to purchase or subscribe to shares have been allocated.

The Company's Board of Directors approved the implementation of the stock option plans listed below:

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Shareholders' Meeting	05/15/2007	05/15/2007	05/15/2007	05/15/2007
Date of Board of Directors Meeting	05/15/2007	03/05/2008	03/04/2009	03/04/2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil	38,536	68,648	45,664	83,295
Start of the option exercise period	05/16/2011	03/06/2012	03/05/2013	03/05/2014
Expiry of the option exercise period	05/15/2017	03/05/2018	03/04/2019	03/04/2020
Exercise price	€25.20 Average of the twenty last closing prices preceding the date of the Board meeting	€20.58 Average of the twenty last closing prices preceding the date of the Board meeting	€13.12 Average of the twenty last closing prices preceding the date of the Board meeting	€21.82 Average of the twenty last closing prices preceding the date of the Board meeting
Exercise conditions (when the plan has more than one tranche)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Shares subscribed as at December 31, 2013	(866,732)	(965,250)	(477,796)	(5,509)
Total number of stock options cancelled or expired	(107,421)	(121,239)	(107,612)	(220,084)
Stock options outstanding at end of period	**663,984**	**928,750**	**600,404**	**3,029,133**

(1) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(2) Options allocated during the 2007 financial year were allocated in respect of 2006 results, based on economic performance targets.

(3) Options allocated during the 2008 financial year were allocated in respect of 2007 results, based on economic performance targets.

(4) Options allocated during the 2009 financial year were allocated in respect of 2008 results, the Board of Directors having set at the beginning of 2008 the economic result targets to be achieved. The number of options awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 4, 2009 based on achievement of those targets.*

(5) Options allocated during the 2010 financial year were allocated in respect of 2009 results, the Board of Directors having set at the beginning of 2009 the economic result targets to be achieved. The number of options awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 4, 2010 based on achievement of those targets and voluntarily limited at the suggestion of the beneficiaries.*

* *Adjusted operating profit less the cost of capital employed.*

If all these options (*i.e.* 5,222,271 options) were to be exercised, the Company's capital would be diluted by a maximum of 2.0% (this is a maximum dilution as it does not take into account the issue price of these options) at December 31, 2013.

The fair value of share-based payment instruments is measured at the grant date using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not executive directors

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not executive directors of the Company during the financial year ended December 31, 2013:

Stock-options granted to and exercised by the ten highest beneficiaries who are not executive directors	Total number of options granted/ exercised	Weighted average exercise price	2010 Plan €21.82	2009 Plan €13.12	2008 Plan €20.58	2007 Plan €25.20
Options granted during the year by the issuer and companies within the scope of the option plan to the ten employees of the issuer and those companies included in the scope to which the highest number of options was granted (total)	Nil.	-	-	-	-	-
Options previously granted by the issuer and the companies referred to above and exercised in the course of the year by the ten employees of the issuer and those companies having purchased or subscribed the highest number of shares (total)	-	20.20	-	85,536	90,918	114,242

Information on options granted to and exercised by the Executive Director during the year ended December 31, 2013 is included in section 7.2.2.1 of the Company's Registration Document.

The Executive Director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

8.3 - PERFORMANCE SHARES

Table 10 – Breakdown of free share allocations

Since the 2012 Plan, no performance shares have been allocated.

The Company's Board of Directors approved the implementation of the performance share plans listed below:

	2009 Plan(1)	2010 Plan(2)	2011 Plan(3)	2012 Plan(4)
Date of Shareholders' Meeting	05/15/2007	05/15/2007	05/27/2010	05/26/2011
Date of Board of Directors Meeting	03/04/2009	03/04/2010	03/03/2011	03/07/2012
Total number of free shares granted	288,963	896,556	1,592,712	985,656
o/w to Executive Directors	*23,491*	*62,163*	*127,888*	*30,710*
■ Gilles Schnepp	12,075	38,373	65,737	30,710
■ Olivier Bazil	11,416	23,790	62,151	
Share acquisition date	French tax residents Plan: 03/05/2011	French tax residents Plan: 03/05/2012	French tax residents Plan: 03/04/2013	French tax residents Plan: 03/08/2014
	Non-residents Plan: 03/05/2013	Non-residents Plan: 03/05/2014	Non-residents Plan: 03/04/2015	Non-residents Plan: 03/08/2016
End of holding period	Residents Plan: 03/06/2013	Residents Plan: 03/06/2014	Residents Plan: 03/05/2015	Residents Plan: 03/09/2016
	Non-residents Plan: 03/05/2013	Non-residents Plan: 03/05/2014	Non-residents Plan: 03/04/2015	Non-residents Plan: 03/08/2016
Shares subscribed as at December 31, 2013	(263,246)	(406,046)	(710,271)	(338)
Total shares cancelled or expired	(25,717)	(57,778)	(71,407)	(22,039)
Free shares outstanding at end of period	**0**	**432,732**	**811,034**	**963,279**

(1) 2009 Plan: Free performance shares awarded during the 2009 financial year were allocated in respect of 2008 results, the Board of Directors having set at the beginning of 2008 the economic result targets to be achieved. The number of free performance shares awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 4, 2009 based on achievement of those targets.*

(2) 2010 Plan: Free performance shares awarded during the 2010 financial year were allocated in respect of 2009 results, the Board of Directors having set at the beginning of 2009 the economic result targets to be achieved. The number of free performance shares awarded to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 4, 2010 based on achievement of those targets and voluntarily limited at the suggestion of the beneficiaries.*

(3) 2011 Plan: With regard to allocations in respect of the 2010 financial year, the Board of Directors had set at the beginning of 2010 the economic result targets to be achieved. The number of free performance shares allocated to Messrs. Gilles Schnepp and Olivier Bazil was determined by the Board of Directors on March 3, 2011 based on achievement of those targets. In addition, since the 2011 Plan, the vesting by the executive directors of the allocated free performance shares has been subject to performance conditions defined by the Board of Directors. Those performance conditions combine an external criterion (performance of the net consolidated margin in comparison with a basket of comparables over a four-year period) and two internal criteria (performance of economic result* and economic margin over successive four-year periods). For the 2011 Plan covering the 2010 financial year, vesting by executive directors of the allocated free performance shares is therefore subject to a double set of performance conditions that apply at the time of the share award and at the final vesting date.*

(4) 2012 Plan: With regard to allocations in respect of the 2011 financial year, the Board of Directors had set at the beginning of 2011 the economic result targets to be achieved. Based on the level of achievement of the economic result* target, the Board of Directors, at its meeting on March 7, 2012, determined the initial allocation of 30,710 performance shares to Mr. Gilles Schnepp. On the recommendation of the Nominating and Compensation Committee, the Board also decided to strengthen the performance conditions relating to the final vesting of all performance shares by Mr. Gilles Schnepp, thereby retaining the option of cancelling all or part of the initial allocation. According to these conditions, vesting of the full initial allocation is conditional upon an increase in economic result* for a four-year period preceding the vesting of performance shares, thereby demonstrating long-term value creation. However, in the event this first criterion is not met, a second criterion will be reviewed to determine whether the Group's performance, as measured by economic margin, was above that of a panel of peers over the same period.*

** Adjusted operating profit less the cost of capital employed.*

If all these shares were to vest (*i.e.* a total of 2,207,045 shares), the Company's capital would be diluted by 0.8% as at December 31, 2013.

Information on shares granted to the Executive Director or vested during the financial year ended December 31, 2013 is included in section 7.2.2.1 of this Registration Document.

The Executive Director is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

8.4 - RELATED PARTY TRANSACTIONS

Significant transactions entered into by, or continued between, the Company and related parties or, where they are not ordinary agreements entered into on arm's-length terms, agreements entered into by a directly- or indirectly-owned subsidiary and relating, directly or indirectly, to an Executive Director, Director or shareholder owning more than 10% of the Company's share capital, are, to the exclusion of those relating to inter-company debt, as follows:

- the 2011 credit facility agreement, approved on July 27, 2011 and considered a related-party transaction due to the beneficiaries, Legrand, as borrower and guarantor, and a number of its subsidiaries, as borrowers;
- the non-compete clause in connection with Mr. Gilles Schnepp's status as Executive Director, approved on March 4, 2009;
- a tax consolidation agreement, approved on January 8, 2003. At December 31, 2013, the Company's tax group was comprised of the following companies: AE Chessy, Alpes Technologies, Distrasa, Groupe Arnould, ICM Group, Intervox, Legrand France, Legrand SNC, Pammelec, Planet Wattohm, Prefatech, Sarlam, Ura and Legrand Cable Management; and
- the supplementary pension plan for the members of the Group Executive Committee benefiting from the French pension system for salaried workers, authorized by the Board of Directors of March 5, 2008 and approved by the Combined Shareholders' General Meeting of May 22, 2008.

Please also refer to Note 23 to the consolidated financial statements, mentioned in chapter 9.

In accordance with AMF recommendation No. 2012-05 of July 2, 2012 pertaining to Shareholders' General Meetings of listed companies, and in particular proposal No. 20, the Company has adopted an internal charter to define agreements. This charter has been implemented in agreement with the Statutory Auditors and approved by the Board of Directors. It can be viewed on the Company's website *www.legrand.com*.

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

09

9.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012

9.1.1 - Consolidated Statement of Income

	Legrand 12 months ended December 31,	
(in € millions)	2013	2012
Revenue (Note 2.11)	**4,460.4**	**4,466.7**
Operating expenses		
Cost of sales	(2,156.6)	(2,157.8)
Administrative and selling expenses	(1,184.4)	(1,197.1)
Research and development costs	(197.8)	(197.0)
Other operating income (expense) (Note 18.2)	(72.2)	(66.8)
Operating profit (Note 18)	**849.4**	**848.0**
Financial expense (Note 19.2)	(87.7)	(102.5)
Financial income (Note 19.2)	6.9	20.8
Exchange gains (losses) (Note 19.1)	(1.8)	(11.7)
Total net financial expense	(82.6)	(93.4)
Profit before tax	**766.8**	**754.6**
Income tax expense (Note 20)	(233.5)	(247.6)
Profit for the period	**533.3**	**507.0**
Attributable to:		
■ **Legrand**	**530.5**	**505.6**
■ **Minority interests**	**2.8**	**1.4**
Basic earnings per share *(euros)* (Notes 2.18 and 11.2)	2.002	1.920
Diluted earnings per share *(euros)* (Notes 2.18 and 11.2)	1.973	1.901

9.1.2 - Statement of Comprehensive Income

	12 months ended December 31,	
(in € millions)	**2013**	**2012**
Profit for the period	533.3	507.0
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Notes 2.3 and 13.2)	(194.1)	(35.9)
Income tax relating to components of other comprehensive income	(3.1)	(0.8)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Notes 2.16 and 16)	14.7	(23.8)
Deferred taxes on actuarial gains and losses	(4.9)	7.2
COMPREHENSIVE INCOME FOR THE PERIOD	**345.9**	**453.7**
Attributable to:		
■ **Legrand**	**344.7**	**452.0**
■ **Minority interests**	**1.2**	**1.7**

The accompanying Notes are an integral part of these financial statements.

9.1.3 - Consolidated Balance Sheet

ASSETS

	Legrand	
(in € millions)	December 31, 2013	December 31, 2012
Current assets		
Cash and cash equivalents (Notes 2.4 and 10)	602.8	494.3
Marketable securities	3.0	0.0
Income tax receivables	45.9	54.2
Trade receivables (Notes 2.5 and 8)	474.3	490.6
Other current assets (Note 9)	138.5	140.5
Inventories (Notes 2.9 and 7)	620.9	599.8
Other current financial assets (Note 22)	0.0	0.0
TOTAL CURRENT ASSETS	**1,885.4**	**1,779.4**
Non-current assets		
Intangible assets (Notes 2.6 and 4)	1,821.1	1,823.5
Goodwill (Notes 2.7 and 5)	2,411.7	2,455.2
Property, plant and equipment (Notes 2.8 and 6)	560.6	576.6
Other investments	0.8	0.7
Deferred tax assets (Notes 2.10 and 20)	94.5	93.8
Other non-current assets	2.5	2.3
TOTAL NON-CURRENT ASSETS	**4,891.2**	**4,952.1**
TOTAL ASSETS	**6,776.6**	**6,731.5**

The accompanying Notes are an integral part of these financial statements.

LIABILITIES AND EQUITY

	Legrand	
(in € millions)	**December 31, 2013**	**December 31, 2012**
Current liabilities		
Short-term borrowings (Notes 2.19 and 14.2)	86.9	80.1
Income tax payable	24.5	16.6
Trade payables	468.8	440.7
Short-term provisions (Note 15)	99.9	108.0
Other current liabilities (Note 17)	441.8	478.5
Other current financial liabilities (Note 22)	0.1	0.5
TOTAL CURRENT LIABILITIES	**1,122.0**	**1,124.4**
Non-current liabilities		
Deferred tax liabilities (Notes 2.10 and 20)	661.8	648.8
Long-term provisions (Note 15 and 16.2)	100.4	104.9
Other non-current liabilities	0.4	0.5
Provisions for pensions and other post-employment benefits (Notes 2.16 and 16.1)	156.7	165.6
Long-term borrowings (Notes 2.19 and 14.1)	1,486.6	1,496.7
TOTAL NON-CURRENT LIABILITIES	**2,405.9**	**2,416.5**
Equity		
Share capital (Note 11)	1,062.4	1,057.5
Retained earnings (Note 13.1)	2,575.8	2,335.9
Translation reserves (Note 13.2)	(400.8)	(208.3)
Equity attributable to equity holders of Legrand	3,237.4	3,185.1
Minority interests	11.3	5.5
TOTAL EQUITY	**3,248.7**	**3,190.6**
TOTAL LIABILITIES AND EQUITY	**6,776.6**	**6,731.5**

The accompanying Notes are an integral part of these financial statements.

9.1.4 - Consolidated Statement of Cash Flows

	Legrand 12 months ended December 31,	
(in € millions)	2013	2012
Profit for the period	**533.3**	**507.0**
Reconciliation of profit for the period to net cash provided by/(used in) operating activities:		
■ Depreciation expense (Note 18.1)	101.5	105.2
■ Amortization expense (Note 18.1)	39.2	36.9
■ Amortization of development costs (Note 18.1)	27.7	24.2
■ Amortization of financial expense	1.9	2.2
■ Impairment of goodwill (Notes 5 and 18.2)	0.0	0.0
■ Changes in deferred taxes	(10.6)	10.8
■ Changes in other non-current assets and liabilities (Notes 15 and 16)	31.8	32.2
■ Exchange (gains)/losses, net	(4.9)	8.8
■ Other adjustments	0.4	0.7
■ (Gains)/losses on sales of assets, net	(0.5)	(2.5)
Changes in operating assets and liabilities:		
■ Inventories (Note 7)	(49.9)	15.8
■ Trade receivables (Note 8)	(22.9)	65.0
■ Trade payables	30.3	(1.3)
■ Other operating assets and liabilities	14.6	(65.8)
Net cash provided by/(used in) operating activities	**691.9**	**739.2**
■ Net proceeds from sales of fixed and financial assets	4.3	8.4
■ Capital expenditure (Notes 4 and 6)	(103.9)	(92.5)
■ Capitalized development costs	(29.1)	(28.1)
■ Changes in non-current financial assets and liabilities	(2.7)	(0.2)
■ Acquisitions of subsidiaries, net of cash acquired (Note 3)	(131.7)	(187.9)
Net cash provided by/(used in) investing activities	**(263.1)**	**(300.3)**
■ Proceeds from issues of share capital and premium (Note 11)	23.4	21.9
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)	(30.1)	(6.9)
■ Dividends paid to equity holders of Legrand*	(265.1)	(245.0)
■ Dividends paid by Legrand subsidiaries	(3.8)	(1.3)
■ Proceeds from new borrowings and drawdowns (Note 14)	2.4	414.6
■ Repayment of borrowings (Note 14)	(16.5)	(514.9)
■ Debt issuance costs	0.0	(3.6)
■ Increase (reduction) in bank overdrafts	(3.3)	(82.9)
■ Acquisitions of ownership interests with no gain of control (Note 3)	(1.7)	(8.1)
Net cash provided by/(used in) financing activities	**(294.7)**	**(426.2)**
Effect of exchange rate changes on cash and cash equivalents	(25.6)	(6.7)
Increase (decrease) in cash and cash equivalents	**108.5**	**6.0**
Cash and cash equivalents at the beginning of the period	494.3	488.3
Cash and cash equivalents at the end of the period (Note 10)	**602.8**	**494.3**
Items included in cash flows:		
■ *Free cash* flow** (Note 24)	563.2	627.0
■ Interest paid during the period	69.6	67.1
■ Income taxes paid during the period	196.8	268.2

* *See consolidated statement of changes in equity.*

** *Normalized free cash flow is presented in Note 24.*

The accompanying Notes are an integral part of these financial statements.

9.1.5 - Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand					
(in € millions)	**Share capital**	**Retained earnings**	**Translation reserves**	**TOTAL**	**Minority interests**	**Total equity**
As of December 31, 2011	**1,053.6**	**2,064.3**	**(172.1)**	**2,945.8**	**3.4**	**2,949.2**
Profit for the period		505.6		505.6	1.4	507.0
Other comprehensive income		(17.4)	(36.2)	(53.6)	0.3	(53.3)
Total comprehensive income		*488.2*	*(36.2)*	*452.0*	*1.7*	*453.7*
Dividends paid		(245.0)		(245.0)	(1.3)	(246.3)
Issues of share capital and premium	3.9	18.0		21.9		21.9
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(6.9)		(6.9)		(6.9)
Change in scope of consolidation**		(12.2)		(12.2)	1.7	(10.5)
Current taxes on share buybacks		(0.5)		(0.5)		(0.5)
Stock options		30.0		30.0		30.0
As of December 31, 2012	**1,057.5**	**2,335.9**	**(208.3)**	**3,185.1**	**5.5**	**3,190.6**
Profit for the period		530.5		530.5	2.8	533.3
Other comprehensive income		6.7	(192.5)	(185.8)	(1.6)	(187.4)
Total comprehensive income		*537.2*	*(192.5)*	*344.7*	*1.2*	*345.9*
IAS 19 amendments*		(5.3)		(5.3)		(5.3)
Dividends paid		(265.1)		(265.1)	(3.8)	(268.9)
Issues of share capital and premium (Note 11)	4.9	18.5		23.4		23.4
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)		(30.1)		(30.1)		(30.1)
Change in scope of consolidation**		(35.3)		(35.3)	8.4	(26.9)
Current taxes on share buybacks		(0.4)		(0.4)		(0.4)
Stock options (Note 12.1)		20.4		20.4		20.4
As of December 31, 2013	**1,062.4**	**2,575.8**	**(400.8)**	**3,237.4**	**11.3**	**3,248.7**

* *See Note 2.1.3.*

** *Changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated in the Group's financial statements.*

The accompanying Notes are an integral part of these financial statements.

9.1.6 - Notes to the consolidated financial statements

Detailed table of contents

NOTE 1 - GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 80 countries, and sells its products in about 180 countries. Its key markets are France (21%), Italy (11%), the United States and Canada (17%), the Rest of Europe (18%) and the Rest of the World (33%), with a steadily rising contribution from the new economies (close to 40% of the consolidated total in 2013).

The Company is a *société anonyme* (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The 2012 Registration Document was filed with the AMF on March 28, 2013 under No. D. 13-0240.

The consolidated financial statements were approved by the Board of Directors on February 12, 2014.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

NOTE 2 - ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Commercial Code.

The consolidated financial statements cover the 12 months ended December 31, 2013. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption from January 1, 2013.

None of the IFRSs issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The IFRSs adopted by the European Union as of December 31, 2013 can be downloaded from the "IAS/IFRS Standards and Interpretations" page of the European Commission's website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.21.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in the notes below.

2.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2013, and applied by the Group in early 2012

Amendments to IAS 1 – Presentation of items of other comprehensive income

This amendment was published by IASB in June 2011 and has been applied by the Group in early 2012.

This amendment requires separate subtotals for:

- elements of "comprehensive income for the period" that could be reclassified ultimately into "net income" in the consolidated statement of income showing separately the related taxes; and
- elements of "comprehensive income for the period" that cannot be reclassified into net income, showing separately the related taxes.

2.1.2 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have no impact on its financial statements

IFRS 13 – Fair Value Measurement

In May 2011, IASB issued guidance for measuring fair value and for the related disclosures required in the notes to financial statements. The guidance is designed to establish a single framework for fair value measurement under IASs and IFRSs.

Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets

In December 2010, the IASB issued amendments to IAS 12 entitled Deferred Tax: Recovery of Underlying Assets. The amendments introduce a presumption that the carrying amount of an asset is fully recovered upon its sale, unless it is recovered otherwise.

Amendments to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued additional provisions on the information to be provided in the notes to the consolidated financial statements regarding agreements offsetting financial assets and financial liabilities.

2.1.3 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have an impact on its financial statements

Amendments to IAS 19 – Employee Benefits

In June 2011, the IASB published amendments to IAS 19 – Employee Benefits concerning the recognition of defined benefit plans. These amendments concern, in particular, elimination of the corridor method of accounting for actuarial gains and losses, the immediate recognition of all past service costs and the use of high quality corporate bond yields to determine the discount rate for calculating the net interest cost of employee benefit obligations to the exclusion of other benchmarks.

The revised standard, which applies retrospectively, has had the following impacts:

- the Group's commitments to its employees are fully recognized at the end of each financial period, as it is no longer possible to amortize past service costs resulting from plan amendments over the remaining work life of the employees concerned;
- unamortized past service costs were accounted for in retained earnings, for their value net of tax during the period of application of the revised standard;
- the effects of any changes in defined benefit plans after January 1, 2012 are recognized directly in income statement in operating profit in the period in which they occur;
- the expected return on plan assets is set as being equal to the discount rate used to determine the present value of the projected benefit obligations.

The different impacts of the revised standard in 2012 can be summarized as follows:

(in € millions)	**As of January 1, 2012**	**As of December 31, 2012**
Net increase in pension liability	(8.9)	(8.0)
Net increase in deferred tax assets	3.1	2.7
Net decrease in shareholders' equity	**(5.8)**	**(5.3)**
Actuarial gains and losses	-	1.0
Decrease in personnel costs	-	0.9
Increase in financial expenses	-	(1.6)
Deferred tax income	-	0.2
Decrease in net income	**-**	**(0.5)**

The impact of these adjustments are not material, therefore no restatements have been made to the 2012 balance sheet and income statement.

2.1.4 New standards, amendments and interpretations not applicable to the Group until future periods

Standards and interpretations adopted by the European Union

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests

In May 2011, the IASB issued new standards – IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – as well as the resulting amendments to IAS 27, reissued as Separate Financial Statements, and IAS 28, reissued as Investments in Associates and Joint Ventures.

IFRS 10 – Consolidated Financial Statements introduces a single consolidation framework for all types of investee entities, based on the concept of control.

The new IFRS 11 – Joint Arrangements introduces new requirements in recognizing joint arrangements, with in particular the use of the equity method to account for joint ventures.

The new IFRS 12 – Disclosure of Interests in Other Entities integrates into a single standard the disclosures required for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

These new standards are applicable to annual periods beginning on or after January 1, 2014. They are not expected to materially impact the consolidated financial statements, as the Group exercises exclusive control over all its consolidated subsidiaries.

These new standards will not be early applied.

Amendments to IAS 32 Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB published amendments to IAS 32 "Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities" clarifying the rules for offsetting financial assets and liabilities.

The amendments to IAS 32 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2014. Their impact on the Group's consolidated financial statements is not expected to be material.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

In May 2013, the IASB published amendments to IAS 36 that require disclosure of the valuation techniques used, as well as of the key assumptions used in the current measurement and previous measurement of fair value when an impairment loss has been recognized (or reversed in the case of assets other than goodwill).

The amendments are applicable prospectively for annual periods beginning on or after January 1, 2014. Their impact on the Group's consolidated financial statements is not expected to be material.

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB published an amendment to IAS 39 that allows hedge accounting to be continued in certain situations where a derivative is novated (i.e., the parties to a contract agree to replace their original contract with a new one).

The amendment is applicable for annual periods beginning on or after January 1, 2014. In accordance with IAS 8, it is applicable retrospectively. Its impact on the Group's consolidated financial statements is not expected to be material.

Standards and interpretations not yet adopted by the European Union

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial asset. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

In October 2010, the IASB issued additions to IFRS 9 – Financial Instruments for financial liability accounting. Under the new requirements, which concern the classification and measurement of financial liabilities, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss.

IFRS 9 and its amendments have not yet been adopted for use in the European Union.

IFRIC 21 – Levies

In May 2013, the IFRS Interpretation Committee issued IFRIC 21 – Levies which aims to clarify the trigger event for the provisioning for all taxes other than income taxes. This interpretation will modify existing practices for annual taxes whose payment is triggered, for an entity, by being in operations on a specified date or by achieving a certain level of activity.

IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. Its impact should be recognized retrospectively in accordance with IAS 8.

IFRIC 21 has not yet been approved by European Union.

The Group is reviewing these standards, interpretations and amendments to determine their possible impact on the disclosures in the consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Associates are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in associates are initially recognized at cost and are subsequently accounted for by the equity method.

The Group does not hold interests accounted for under the equity method.

2.3 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading "Exchange gains (losses)".

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until the entities are sold or substantially liquidated.

A receivable from or payable to a foreign Group entity, whose settlement is not planned or likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under "Translation reserves".

2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value. Marketable securities are not considered as cash equivalents.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

2.5 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

A provision is recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor has defaulted;
- when a debtor is observed to be in financial difficulties, as evidenced by late payments, a rating downgrade or a deteriorating business environment.

2.6 INTANGIBLE ASSETS

2.6.1 Trademarks

Trademarks with finite useful lives are amortized:

- over 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- over 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under "Administrative and selling expenses".

Trademarks are classified as having an indefinite useful life when management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

As the Group's trademarks that are classified as having an indefinite useful life are used internationally, they each contribute to all of the Group's cash-generating units.

2.6.2 Development costs

Costs incurred for the Group's main development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its technical, commercial and technological feasibility, and costs can be measured reliably. Capitalized development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

2.6.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment.

They include in particular:

- software, which is generally purchased from an external supplier and amortized over three years.
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period of up to 20 years.

2.6.4 Impairment tests on intangible assets except goodwill

When events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset. For further information, see Note 2.7.2.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license in the trademark from a third party. The theoretical value ot these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were to be owned by a third party.This theoretical value is then compared to the trademark net book value.

2.7 GOODWILL

2.7.1 Business combinations

For each combination, the Group decides to use:

i. Either the full goodwill method, which consists of allocating goodwill to minority interests. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination plus the fair value of the non-controlling interests in the combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed.

ii. Or the partial goodwill method, whereby no goodwill is allocated to minority interests. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination and b) the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

The cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value.

Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

2.7.2 Impairment tests on goodwill

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs, corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries or to a group of countries, when they either have similar market characteristics or are managed as a single unit.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a stable growth rate.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. Impairment losses recognized on goodwill are irreversible.

2.8 PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment, and other fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies (see below).

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is depreciated separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.9 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The production cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

2.11 REVENUE RECOGNITION

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when ownership title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

2.12 VALUATION OF FINANCIAL INSTRUMENTS

2.12.1 Hierarchical classification of financial instruments

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- level 1: quoted prices for similar instruments;
- level 2: directly observable market inputs other than level 1 inputs;
- level 3: inputs not based on observable market data.

2.12.2 Measurement of financial instruments

The carrying amounts of cash, short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

2.12.3 Non-derivative financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

2.12.4 Derivatives

Group policy consists of not entering into any transactions of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Accounting treatment of derivative instruments

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative qualifies for hedge accounting, and if so, the nature of the item being hedged.

Put on non-controlling interests

In the particular case of puts written on non-controlling interests without any transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments

In the case of other derivative instruments, the Group analyzes the substance of each transaction and recognizes any changes in fair value in accordance with IAS 39.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 22.

2.13 ENVIRONMENTAL AND PRODUCT LIABILITIES

In accordance with IAS 37, the Group recognizes losses and accrues liabilities relating to environmental and product liability matters. A loss is recognized if available information indicates that it is probable and reasonably estimable. In the event that a loss is neither probable nor reasonably estimable but remains possible, the contingency is disclosed in the notes to the consolidated financial statements.

Losses arising from environmental liabilities are measured on a best-estimate basis, case by case, based on available information.

Losses arising from product liability issues are estimated on the basis of current facts and circumstances, past experience, the number of claims and the expected cost of administering, defending and, in some cases, settling such cases.

In accordance with IFRIC 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment, the Group manages waste equipment under the European Union Directive on waste electrical and electronic equipment by paying financial contributions to a recycling platform.

2.14 SHARE-BASED PAYMENT TRANSACTIONS

Share-based payment plans have been implemented, which are settled in either equity or cash.

2.14.1 Equity-settled share-based payment transactions

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under "Employee benefits expense" on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

2.14.2 Cash-settled share-based payment transactions

When granting long-term employee benefits plans indexed to the share price, the value of the awarded instruments is estimated according to the conditions defined at the plan's inception. This value is remeasured at each period-end and the resulting increase or decrease in expense is recognized as an adjustment to provisions.

2.15 TRANSFERS AND USE OF FINANCIAL ASSETS

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

2.16 PENSION AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

2.16.1 Pension obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

The Group recognizes all actuarial gains and losses outside profit or loss, in the Statement Of Recognized Income and Expense (Statement of comprehensive income), as allowed under IAS 19, paragraph 120C (revised).

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

2.16.2 Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The benefits are treated as post-employment benefits under the defined benefit scheme.

2.16.3 Other long-term employee benefits

The Group has implemented plans providing long-term employee benefits to employees, which are recognized in provisions in accordance with IAS 19.

2.17 SEGMENT INFORMATION

The Group is organized for management purposes by country and by geographical segment.

Hence, allocation of resources to the various segments and assessement of each segment's performance are performed by the Group management on a country basis.

2.18 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares.

The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

2.19 SHORT- AND LONG-TERM BORROWINGS

Short- and long-term borrowings mainly comprise bonds and bank loans. They are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

2.20 BORROWING COSTS

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

2.21 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

2.21.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policies presented in Notes 2.6.4 and 2.7.2.

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial condition and results of operations.

The discounted cash flow estimates used for impairment tests on goodwill and trademarks with indefinite useful lives are based to a significant extent on management's judgment.

2.21.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

2.21.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

NOTE 3 - CHANGES IN THE SCOPE OF CONSOLIDATION

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2012 were as follows:

2012	March 31	June 30	September 30	December 31
Megapower	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Aegide	Balance sheet only	4 months' profit	7 months' profit	10 months' profit
Numeric UPS		Balance sheet only	4 months' profit	7 months' profit
NuVo Technologies				Balance sheet only

2013	March 31	June 30	September 30	December 31
Aegide	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Numeric UPS	3 months' profit	6 months' profit	9 months' profit	12 months' profit
NuVo Technologies	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Daneva	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Seico	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
S2S		Balance sheet only	Balance sheet only	8 months' profit
Adlec Power			Balance sheet only	5 months' profit
Tynetec			Balance sheet only	5 months' profit

In 2013, companies consolidated in 2012 and 2013 on the basis presented in the above tables contributed €227.3 million to consolidated revenue and €8.8 million to consolidated profit for the period. All of these companies are fully consolidated.

The main acquisitions carried out in 2013 were as follows:

- the acquisition of 51% of Daneva was completed after approval from the local competition authorities, with an option to take full control from April 2014. Daneva reported revenue of around €27 million in 2012.
- the Group acquired Seico, the Saudi market leader in industrial metal cable trays. Seico reported around €23 million in revenue in 2012;
- the Group acquired S2S, a French uninterruptible power supply company with more than €20 million in revenue in 2012;
- the Group acquired a majority stake in Adlec Power, one of the major Indian manufacturers of switchboards. It acquired 70% of the shares with an option to take full control from July 2018.

Based in the region of Delhi, Adlec Power has annual sales of approximately €23 million;

- the Group acquired Tynetec, a frontrunner in systems dedicated to assisted living in United Kingdom with annual sales over €15 million.

In all, acquisitions of subsidiaries (net of cash acquired), minority interests and shares in non-consolidated entities came to a total of €133.4 million in 2013, versus €196.0 million in 2012. Of this, acquisitions of subsidiaries (net of cash acquired) accounted for €131.7 million in 2013, compared with €187.9 million in 2012.

NOTE 4 - INTANGIBLE ASSETS (NOTE 2.6)

Intangible assets are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	237.0	236.3
Developed technology	3.9	5.5
Other intangible assets	172.2	173.7
	1,821.1	**1,823.5**

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives.

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
At the beginning of the period	1,749.3	1,686.6
■ Acquisitions	41.4	70.6
■ Adjustments	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	(25.2)	(7.9)
	1,765.5	**1,749.3**
Less accumulated amortization and impairment	(120.5)	(105.0)
AT THE END OF THE PERIOD	**1,645.0**	**1,644.3**

To date, no impairment has been recognized for these trademarks.

Trademarks with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount.

The following impairment testing parameters were used in the period ended December 31, 2013:

		Value in use	
Recoverable amount	**Carrying amount of trademarks with indefinite useful lives**	**Discount rate (before tax)**	**Growth rate to perpetuity**
Value in use	1,408.0	9.4% to 9.9%	2.8% to 3.2%

No impairment was recognized in the period ended December 31, 2013.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2012:

		Value in use	
Recoverable amount	**Carrying amount of trademarks with indefinite useful lives**	**Discount rate (before tax)**	**Growth rate to perpetuity**
Value in use	1,408.0	9.9% to 10.3%	2.8% to 3.1%

No impairment was recognized in the period ended December 31, 2012.

Developed technology can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
At the beginning of the period	582.0	576.8
■ Acquisitions	0.0	7.0
■ Disposals	0.0	0.0
■ Translation adjustments	(3.3)	(1.8)
	578.7	**582.0**
Less accumulated amortization and impairment	(574.8)	(576.5)
AT THE END OF THE PERIOD	**3.9**	**5.5**

To date, no impairment has been recognized for these items.

Other intangible assets can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Capitalized development costs	260.0	232.8
Software	95.0	93.1
Other	76.1	72.3
	431.1	**398.2**
Less accumulated amortization and impairment	(258.9)	(224.5)
AT THE END OF THE PERIOD	**172.2**	**173.7**

To date, no significant impairment has been recognized for these items.

Amortization and impairment expense related to other intangible assets amounted to €45.3 million in 2013, of which €27.7 million concerned capitalized developed costs and €11.3 million software.

Amortization and impairment expense related to other intangible assets amounted to €41.1 million in 2012, of which €24.2 million concerned capitalized developed costs and €11.4 million software.

Amortization expense for trademarks and developed technology for each of the next five years is expected to be as follows:

(in € millions)	**Developed technology**	**Trademarks**	**Total**
2014	0.7	20.7	21.4
2015	0.7	20.7	21.4
2016	0.7	20.7	21.4
2017	0.7	20.7	21.4
2018	0.7	20.7	21.4

NOTE 5 - GOODWILL (NOTE 2.7)

Goodwill can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
France	675.8	640.5
Italy	366.8	366.8
Rest of Europe	271.8	280.2
USA/Canada	404.1	420.8
Rest of the World	693.2	746.9
	2,411.7	**2,455.2**

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

In the "Rest of Europe" and "Rest of the World" regions, no final amount of goodwill allocated to a cash-generating unit (CGU) represents more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
Gross value at the beginning of the period	2,493.3	2,440.9
■ Acquisitions	108.8	145.5
■ Adjustments	(42.4)	(65.2)
■ Translation adjustments	(112.2)	(27.9)
Gross value at the end of the period	**2,447.5**	**2,493.3**
Impairment value at the beginning of the period	(38.1)	(37.4)
■ Impairment losses	0.0	0.0
■ Translation adjustments	2.3	(0.7)
Impairment value at the end of the period	**(35.8)**	**(38.1)**
NET VALUE AT THE END OF THE PERIOD	**2,411.7**	**2,455.2**

Adjustments correspond to the difference between provisional and final goodwill.

For impairment testing purposes, goodwill has been allocated to various countries, grouping CGUs which represent the lowest level at which goodwill is monitored. France, Italy and USA/Canada are each considered to be a single CGU, whereas the Rest of Europe and Rest of the World segments are made up of several CGUs.

These CGUs are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the cash-generating unit. As required by IAS 36, it is calculated by applying pre-tax discount rates to pre-tax future cash flows.

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (Note 2.7.1).

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that its carrying amount may exceed its recoverable amount.

The following impairment testing parameters were used in the period ended December 31, 2013:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	675.8	10.5%	2%
Italy		366.8	15.4%	2%
Rest of Europe		271.8	8.7 to 20.4%	2 to 5%
USA/Canada		404.1	10.5%	3%
Rest of the World		693.2	10.3 to 18.6%	2 to 5%
		2,411.7		

No goodwill impairment losses were identified in the period ended December 31, 2013.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2012:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	640.5	10.5%	2%
Italy		366.8	15.9%	2%
Rest of Europe		280.2	9.4 to 18.7%	2 to 5%
USA/Canada		420.8	10.8%	3%
Rest of the World		746.9	11.8 to 20.9%	2 to 5%
		2,455.2		

No goodwill impairment losses were identified in the period ended December 31, 2012.

For business combinations, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis. As a result, the related goodwill is subject to adjustment during the year following the provisional allocation.

Acquisition prices for the twelve months ended December 31, 2013 and December 31, 2012 have been allocated as follows:

(in € millions)	12 months ended December 31, 2013	12 months ended December 31, 2012
■ Trademarks	41.4	70.6
■ Deferred taxes on trademarks	(3.4)	(10.1)
■ Developed technology	0.0	7.0
■ Deferred taxes on developed technology	0.0	(2.4)
■ Other intangible assets	7.2	4.9
■ Deferred taxes on other intangible assets	0.0	(1.2)
■ Goodwill	108.8	145.5

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (NOTE 2.8)

6.1 ANALYSIS OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in 2013 can be analyzed as follows:

	December 31 , 2013				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	56.2	579.3	1,602.4	291.4	2,529.3
■ Acquisitions	0.0	9.7	41.3	44.4	95.4
■ Disposals	(0.7)	(10.4)	(40.6)	(16.2)	(67.9)
■ Transfers and changes in scope of consolidation	0.2	11.6	55.2	(41.1)	25.9
■ Translation adjustments	(1.5)	(10.2)	(37.1)	(11.7)	(60.5)
At the end of the period	**54.2**	**580.0**	**1,621.2**	**266.8**	**2,522.2**
Depreciation and impairment					
At the beginning of the period	(8.2)	(354.5)	(1,375.9)	(214.1)	(1,952.7)
■ Depreciation expense	(0.6)	(19.0)	(68.7)	(13.2)	(101.5)
■ Reversals	0.7	9.6	39.5	14.9	64.7
■ Transfers and changes in scope of consolidation	0.0	(3.7)	(24.2)	16.6	(11.3)
■ Translation adjustments	0.0	4.9	26.5	7.8	39.2
At the end of the period	**(8.1)**	**(362.7)**	**(1,402.8)**	**(188.0)**	**(1,961.6)**
Net value					
At the beginning of the period	48.0	224.8	226.5	77.3	576.6
■ Acquisitions / Depreciation	(0.6)	(9.3)	(27.4)	31.2	(6.1)
■ Disposals / Reversals	0.0	(0.8)	(1.1)	(1.3)	(3.2)
■ Transfers and changes in scope of consolidation	0.2	7.9	31.0	(24.5)	14.6
■ Translation adjustments	(1.5)	(5.3)	(10.6)	(3.9)	(21.3)
At the end of the period	**46.1**	**217.3**	**218.4**	**78.8**	**560.6**

Total property, plant and equipment includes €10.3 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

Changes in property, plant and equipment in 2012 can be analyzed as follows:

	December 31 , 2012				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	55.9	574.8	1,612.1	291.7	2,534.5
■ Acquisitions	0.0	3.5	35.1	43.3	81.9
■ Disposals	0.0	(10.2)	(64.7)	(15.4)	(90.3)
■ Transfers and changes in scope of consolidation	0.5	12.0	24.2	(27.7)	9.0
■ Translation adjustments	(0.2)	(0.8)	(4.3)	(0.5)	(5.8)
At the end of the period	**56.2**	**579.3**	**1,602.4**	**291.4**	**2,529.3**
Depreciation and impairment					
At the beginning of the period	(7.6)	(341.9)	(1,366.4)	(212.7)	(1,928.6)
■ Depreciation expense	(0.6)	(20.6)	(70.9)	(13.1)	(105.2)
■ Reversals	0.0	7.9	63.7	13.8	85.4
■ Transfers and changes in scope of consolidation	0.0	(0.2)	(4.5)	(1.9)	(6.6)
■ Translation adjustments	0.0	0.3	2.2	(0.2)	2.3
At the end of the period	**(8.2)**	**(354.5)**	**(1,375.9)**	**(214.1)**	**(1,952.7)**
Net value					
At the beginning of the period	48.3	232.9	245.7	79.0	605.9
■ Acquisitions / Depreciation	(0.6)	(17.1)	(35.8)	30.2	(23.3)
■ Disposals / Reversals	0.0	(2.3)	(1.0)	(1.6)	(4.9)
■ Transfers and changes in scope of consolidation	0.5	11.8	19.7	(29.6)	2.4
■ Translation adjustments	(0.2)	(0.5)	(2.1)	(0.7)	(3.5)
At the end of the period	**48.0**	**224.8**	**226.5**	**77.3**	**576.6**

6.2 PROPERTY, PLANT AND EQUIPMENT INCLUDE THE FOLLOWING ASSETS HELD UNDER FINANCE LEASES:

(in € millions)	December 31, 2013	December 31, 2012
Land	2.3	2.3
Buildings	36.1	36.2
Machinery and equipment	31.4	31.5
	69.8	**70.0**
Less accumulated depreciation	(39.7)	(38.9)
	30.1	**31.1**

6.3 FINANCE LEASE LIABILITIES ARE PRESENTED IN THE BALANCE SHEETS AS FOLLOWS:

(in € millions)	December 31, 2013	December 31, 2012
Long-term borrowings	12.4	13.8
Short-term borrowings	1.3	2.1
	13.7	**15.9**

6.4 FUTURE MINIMUM LEASE PAYMENTS UNDER FINANCE LEASES ARE AS FOLLOWS:

(in € millions)	December 31, 2013	December 31, 2012
Due in less than one year	1.5	2.4
Due in one to two years	1.5	1.6
Due in two to three years	1.4	1.5
Due in three to four years	1.3	1.5
Due in four to five years	1.3	1.5
Due beyond five years	7.4	9.3
	14.4	**17.8**
Of which accrued interest	(0.7)	(1.9)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**13.7**	**15.9**

NOTE 7 - INVENTORIES (NOTE 2.9)

Inventories are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Purchased raw materials and components	231.7	231.8
Sub-assemblies, work in progress	90.8	92.5
Finished products	403.4	386.0
	725.9	**710.3**
Less impairment	(105.0)	(110.5)
	620.9	**599.8**

NOTE 8 - TRADE RECEIVABLES (NOTE 2.5)

In 2013, the Group derived over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 23% of consolidated net revenue and no other distributor accounted for more than 5% of consolidated net revenue.

(in € millions)	December 31, 2013	December 31, 2012
Trade accounts and notes receivable	538.7	552.6
Less impairment	(64.4)	(62.0)
	474.3	**490.6**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2013 was €25.8 million (€21.0 million as of December 31, 2012).

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
Less than 3 months past due	82.3	71.6
From 3 to 12 months past due	21.4	19.5
More than 12 months past due	22.6	19.1
	126.3	**110.2**

Provisions for impairment of past-due trade receivables amounted to €56.2 million as of December 31, 2013 (€54.6 million as of December 31, 2012). These provisions break down as follows:

(in € millions)	December 31, 2013	December 31, 2012
Provisions for receivables less than 3 months past due	13.3	17.2
Provisions for receivables 3 to 12 months past due	20.3	18.3
Provisions for receivables more than 12 months past due	22.6	19.1
	56.2	**54.6**

NOTE 9 - OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Employee advances	3.2	4.2
Other receivables	28.7	30.5
Prepayments	23.7	23.5
Prepaid and recoverable taxes other than income tax	82.9	82.3
	138.5	**140.5**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

NOTE 10 - CASH AND CASH EQUIVALENTS (NOTE 2.4)

Cash and cash equivalents totaled €602.8 million as of December 31, 2013 and corresponded primarily to deposits with an original maturity of less than three months (Note 22.2.1). Out of this amount, about €15.2 million were not available in the short term for the Group.

NOTE 11 - SHARE CAPITAL AND EARNINGS PER SHARE (NOTE 2.18)

Share capital as of December 31, 2013 amounted to €1,062,362,068 represented by 265,590,517 ordinary shares with a par value of €4 each, for 277,225,674 voting rights.

Changes in share capital were as follows:

	Number of shares	Par value	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2012	264,374,875	4	1,057,499,500	1,089,552,202
Exercise of options under the 2007 plan	413,576	4	1,654,304	8,767,811
Exercise of options under the 2008 plan	325,048	4	1,300,192	5,389,296
Exercise of options under the 2009 plan	475,212	4	1,900,848	4,333,933
Exercise of options under the 2010 plan	1,806	4	7,224	32,183
As of December 31, 2013	265,590,517	4	1,062,362,068	1,108,075,425

Share capital consists exclusively of ordinary shares, each with a par value of €4.

Fully paid-up shares held in registered form in the name of the same shareholder for at least two years carry double voting rights.

In 2013, 1,215,642 shares were issued under the 2007 to 2010 stock option plans, resulting in a €4.9 million capital increase with a €18.5 million premium.

11.1 SHARE BUYBACK PROGRAM AND TRANSACTIONS UNDER THE LIQUIDITY CONTRACT

11.1.1 Share buyback program

As of December 31, 2012, the Group held 51,584 shares in treasury. During 2013, it acquired a further 860,000 shares, at a cost of €30,155,062, and allocated 848,557 shares to employees under performance share plans.

As of December 31, 2013, the Group held 63,027 shares under the program, acquired at a total cost of €1,572,484. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (58,106 shares purchased at a cost of €1,449,853); and
- for allocation upon sale to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

11.1.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005.

Cash used to purchase shares under the liquidity contract is capped at €15.0 million.

As of December 31, 2013, the Group held 107,500 shares under this contract, purchased at a total cost of €4,285,428.

During 2013, transactions under the liquidity contract led to a cash inflow of €72,390 corresponding to net purchases of 7,500 shares.

11.2 EARNINGS PER SHARE

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2013	December 31, 2012
Profit attributable to equity holders of Legrand *(in € millions)*	A	530.5	505.6
Number of ordinary shares outstanding:			
■ At the period-end		265,590,517	264,374,875
■ O/w held in treasury		170,527	151,584
■ Average for the period (excluding shares held in treasury)	B	264,932,592	263,401,182
■ Average for the period after dilution (excluding shares held in treasury)	C	268,941,322	266,012,909
Number of stock options and performance share grants outstanding at the period end		7,429,316	9,620,375
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(867,500)	(289,500)
Shares allocated during the period under performance share plans		848,557	698,452
Basic earnings per share *(euros)* (Note 2.18)	A/B	2.002	1.920
Diluted earnings per share *(euros)* (Note 2.18)	A/C	1.973	1.901
Dividend per share *(euros)*		1.000	0.930

During 2013, the Group:

- issued 1,215,642 shares under the stock option plans;
- transferred 848,557 shares under performance share plans, out of the 860,000 shares bought back for this purpose in 2013;
- bought back a net 7,500 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2013, earnings per share and diluted earnings per share would have amounted to €1.999 and €1.962 respectively for the twelve months ended December 31, 2013.

During 2012, the Group:

- issued 985,880 shares under the stock option plans;
- transferred 698,452 shares under performance share plans;
- sold a net 130,500 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2012, basic earnings per share and diluted earnings per share would have amounted to €1.914 and €1.890 respectively for the twelve months ended December 31, 2012.

NOTE 12 - STOCK OPTION PLANS, PERFORMANCE SHARE PLANS AND EMPLOYEE PROFIT-SHARING (NOTE 2.14)

12.1 2007 TO 2012 LEGRAND PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

12.1.1 Performance share plans

No performance share plans have been implemented since the 2012 Plan. As explained in note 16.2, long term employee benefits plans were implemented in 2013.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2009 Plan (1)	2010 Plan (2)	2011 Plan (3)	2012 Plan (4)
Date approved by shareholders	May 15, 2007	May 15, 2007	May 27, 2010	May 26, 2011
Grant date	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of share rights granted	288,963	896,556	1,592,712	985,656
o/w to Executive Directors	*23,491*	*62,163*	*127,888*	*30,710*
■ Gilles Schnepp	12,075	38,373	65,737	30,710
■ Olivier Bazil	11,416	23,790	62,151	
End of vesting period	French tax residents: March 5, 2011 Non-residents: March 5, 2013	French tax residents: March 5, 2012 Non-residents: March 5, 2014	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 6, 2013 Non-residents: March 5, 2013	French tax residents: March 6, 2014 Non-residents: March 5, 2014	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of shares acquired as of December 31, 2013	(263,246)	(406,046)	(710,271)	(338)
Number of share rights cancelled or forfeited	(25,717)	(57,778)	(71,407)	(22,039)
SHARE RIGHTS OUTSTANDING AT END OF PERIOD	**0**	**432,732**	**811,034**	**963,279**

(1) **2009 Plan**: *This plan concerns performance share rights granted in 2009 in respect of 2008 performance. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2009 meeting.*

(2) **2010 Plan**: *This plan concerns performance share rights granted in 2010 in respect of 2009 performance. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2010 meeting. The number of rights was deliberately limited, on beneficiaries' suggestion.*

(3) **2011 Plan**: *This plan concerns performance share rights granted in 2011 in respect of 2010 performance. The Board of Directors set the 2010 economic earnings* target for the 2011 Plan at the start of 2010. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 3, 2011 meeting. In addition, starting with the 2011 Plan, a second set of performance conditions decided by the Board of Directors applies to substantially all of the performance share rights granted to executive directors. They include an external performance condition (consolidated net margin compared with the margins reported by Legrand's peer group over a four-year period) and two internal performance conditions (economic earnings* and economic margin performance over successive four-year periods). In summary, shares granted to executive directors under the 2011 Plan in respect of 2010 are subject to two sets of performance conditions, one applicable at the date of grant and the other at the end of the vesting period.*

(4) **2012 Plan**: *For this plan, which concerns 2011 performance, the Board of Directors set the 2011 economic earnings* target at the start of 2011. At its March 7, 2012 meeting, the Board of Directors granted 30,710 performance share rights to Gilles Schnepp based on actual 2011 economic earnings* compared with the target. In addition, on the recommendation of the Nominations and Compensation Committee, the Board decided to adjust the vesting conditions by setting more challenging performance objectives. If these objectives are not met, some or all of the performance shares may not vest. Based on the new objectives, the shares in the initial grant will not vest in their entirety unless the Company demonstrates an ability to create value over the long term by achieving growth in economic earnings* over the four-year period immediately preceding the vesting date. However, if this first condition is not met, Mr. Schnepp may still retain the right to some of the shares based on a second condition, i.e. whether the Group's economic margin performance exceeded that of the companies in its peer group over the same period.*

* *Adjusted operating profit less cost of capital employed.*

If all these shares were to vest (i.e. 2,207,045 shares), the Company's capital would be diluted by 0.8% as of December 31, 2013.

A total of 27,911 of performance share rights were granted under the 2012 Plan (based on 2011 performance) to the ten grantees other than executive directors who received the greatest number of rights.

12.1.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil	38,536	68,648	45,664	83,295
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.20 Average closing price over the 20 trading days preceding the grant date	€20.58 Average closing price over the 20 trading days preceding the grant date	€13.12 Average closing price over the 20 trading days preceding the grant date	€21.82 Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of options exercised as of December 31, 2013	(866,732)	(965,250)	(477,796)	(5,509)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(220,084)
STOCK OPTIONS OUTSTANDING AT END OF PERIOD	**663,984**	**928,750**	**600,404**	**3,029,133**

(1) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(2) The 2007 stock options were granted based on the Company's 2006 economic earnings compared with the target set for that year.*

(3) The 2008 stock options were granted based on the Company's 2007 economic earnings compared with the target set for that year.*

(4) The 2009 stock options were granted based on the Company's 2008 economic earnings compared with the target set for that year. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its March 4, 2009 meeting.*

(5) The 2010 stock options were granted based on the Company's 2009 economic earnings compared with the target set for that year. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options that was determined by the Board of Directors at its March 4, 2010 meeting. The number of options was deliberately limited, on beneficiaries' suggestion.*

* *Adjusted operating profit less cost of capital employed.*

The weighted average price of shares purchased by employees upon exercise of stock options in 2013 was €19.24.

If all these options were to be exercised (i.e. 5,222,271 options), the Company's capital would be diluted by a maximum of 2.0% (this is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2013.

12.1.3 Valuation model applied to stock option plans

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a 5-year life.

12.1.4 IFRS 2 charges

In accordance with IFRS 2, a charge of €20.4 million was recorded for 2013 (2012: €30.0 million) for all of these plans combined. See also note 16.2 for long term employee benefits plans implemented in 2013.

12.2 EMPLOYEE PROFIT-SHARING

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €30.2 million was recorded in 2013 for statutory and discretionary profit-sharing plans (2012: €35.8 million).

NOTE 13 - RETAINED EARNINGS AND TRANSLATION RESERVES

13.1 RETAINED EARNINGS

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2013 amounted to €2,575.8 million.

As of the same date, the parent company – Legrand – had retained earnings including profit of the period of €1,383.2 million available for distribution.

13.2 TRANSLATION RESERVES

As explained in note 2.3, the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in millions of euros)	December 31, 2013	December 31, 2012
US dollar	(156.3)	(148.8)
Other currencies	(244.5)	(59.5)
	(400.8)	**(208.3)**

The Group operates in more than 80 countries. It is mainly exposed to a dozen of currencies other than euro and US dollar, out of which Brazilian real, Indian roupee, Turkish lira, Chilean peso, Australian dollar, and Russian rouble have had the largest impact on translation reserve during 2013.

As explained in note 2.12, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Gains on these bonds recognized in the translation reserve in 2013 amounted to €12.2 million, resulting in a net negative balance of €2.8 million as at December 31, 2013.

In addition, as indicated in note 2.3, translation gains and losses on receivables or payables treated as part of a net investment in the related foreign Group entity. Losses recognized in the translation reserve in 2013 amounted to €0.8 million, resulting in a net negative balance of €4.8 million as at December 31, 2013.

NOTE 14 - LONG-TERM AND SHORT-TERM BORROWINGS (NOTE 2.19)

14.1 LONG-TERM BORROWINGS

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support medium-term business growth while guaranteeing a robust financial position over the long term.

Long-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
8 ½% debentures	279.5	296.1
Bonds	1,100.8	1,104.3
Other borrowings*	114.8	106.7
	1,495.1	**1,507.1**
Debt issuance costs	(8.5)	(10.4)
	1,486.6	**1,496.7**

* *Including €55.2 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€61.7 million at December 31, 2012).*

Long-term borrowings (excluding debt issuance costs) are denominated in the following currencies:

(in millions of euros)	December 31, 2013	December 31, 2012
Euro	1,155.3	1,117.6
US dollar	279.5	333.8
Other currencies	60.3	55.7
	1,495.1	**1,507.1**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2013 can be analyzed by maturity as follows:

(in millions of euros)	8 ½% debentures	Bonds	Other borrowings
Due in one to two years		0.8	6.4
Due in two to three years		0.0	45.2
Due in three to four years		300.0	36.3
Due in four to five years		400.0	19.6
Due beyond five years	279.5	400.0	7.3
	279.5	**1,100.8**	**114.8**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2012 can be analyzed by maturity as follows:

(in millions of euros)	8 ½% debentures	Bonds	Other borrowings
Due in one to two years		3.5	19.7
Due in two to three years		0.8	14.1
Due in three to four years		0.0	45.7
Due in four to five years		300.0	18.3
Due beyond five years	296.1	800.0	8.9
	296.1	**1,104.3**	**106.7**

Average interest rates on borrowings are as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
8½% debentures	8.50%	8.50%
Bonds	3.73%	3.77%
Other borrowings	2.17%	3.04%

These borrowings are secured as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Assets mortgaged or pledged as collateral	18.5	7.8
Guarantees given to banks	168.3	159.6
Guarantees given to other organizations	28.6	31.1
	215.4	**198.5**

14.1.1 2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

As the banks have agreed to the two one-year extensions, the 2011 Credit Facility will expire in October 2018.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2013, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

14.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.

The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance.

In December 2013, a number of debenture holders offered the Group to buy back their securities, also known as Yankee bonds. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

14.1.3 Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

14.1.4 Unused credit lines

As of December 31, 2013, the Group had access to drawdown capacity of €900.0 million on the 2011 revolving Credit Facility.

14.2 SHORT-TERM BORROWINGS

Short-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Commercial paper	0.0	0.0
Other borrowings	86.9	80.1
	86.9	**80.1**

NOTE 15 - PROVISIONS

Changes in provisions in 2013 are as follows:

	December 31, 2013					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	24.1	57.9	45.9	22.6	62.4	212.9
Changes in scope of consolidation	0.3	0.2	0.4	0.0	0.1	1.0
Increases	3.9	23.8	0.4	14.3	28.0	70.4
Utilizations	(4.2)	(3.3)	(5.7)	(11.8)	(9.5)	(34.5)
Reversals of surplus provisions	(2.7)	(13.9)	(4.1)	(0.6)	(8.2)	(29.5)
Reclassifications	(4.8)	10.1	(20.5)	(1.6)	9.0	(7.8)
Translation adjustments	(0.8)	(1.9)	(0.6)	(2.3)	(6.6)	(12.2)
AT END OF PERIOD	**15.8**	**72.9**	**15.8**	**20.6**	**75.2**	**200.3**
Of which non-current portion	*5.0*	*45.2*	*13.5*	*1.2*	*35.5*	*100.4*

Other provisions include long term provisions for employee benefits, including mainly a €13.0 million provision for the long-term employee benefits described in note 16.2 (see also consolidated statement of equity for stocks options plans and performance shares plans previously granted and described in note 12).

Other provisions also include a €13.0 million provision for environmental risks corresponding mainly to the depollution costs for property assets held for sale.

Changes in provisions in 2012 were as follows:

	December 31, 2012					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.7	60.3	34.9	26.3	66.4	203.6
Changes in scope of consolidation	2.5	0.0	0.0	0.0	0.6	3.1
Increases	9.2	25.3	11.9	13.3	19.9	79.6
Utilizations	(2.3)	(6.2)	(0.8)	(9.9)	(10.3)	(29.5)
Reversals of surplus provisions	(0.8)	(23.3)	(0.9)	(5.2)	(12.1)	(42.3)
Reclassifications	0.0	3.0	1.0	(1.2)	(1.8)	1.0
Translation adjustments	(0.2)	(1.2)	(0.2)	(0.7)	(0.3)	(2.6)
AT END OF PERIOD	**24.1**	**57.9**	**45.9**	**22.6**	**62.4**	**212.9**
Of which non-current portion	*5.7*	*36.9*	*44.0*	*1.5*	*16.8*	*104.9*

NOTE 16 - PENSIONS AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS (NOTE 2.16)

16.1 PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
France (note 16.1.2)	89.9	79.8
Italy (note 16.1.3)	37.3	40.0
United Kingdom (note 16.1.4)	8.3	11.9
United States (note 16.1.5)	8.7	25.7
Other countries	16.4	15.9
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**160.6**	**173.3**
Of which current portion	*3.9*	*7.7*

The total amount of those liabilities is €160.6 million as of December 31, 2013 (€173.3 million as of December 31, 2012) and is analyzed in note 16.1.1, which shows total liabilities of €302.9 million as of December 31, 2013 (€316.3 million as of December 31, 2012, less unrecognized past service cost of €8.0 million) less total assets of €142.3 million as of December 31, 2013 (€135.0 million as of December 31, 2012).

16.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Defined benefit obligation		
Projected benefit obligation at beginning of period	316.3	286.1
Service cost	8.7	7.6
Interest cost	9.7	11.0
Benefits paid	(17.8)	(17.3)
Employee contributions	0.3	0.5
Plan amendments	0.7	0.0
Actuarial loss/(gain)	(7.1)	29.5
Curtailments, settlements, special termination benefits	(0.1)	(1.3)
Translation adjustments	(7.0)	0.2
Other	(0.8)	0.0
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**302.9**	**316.3**
UNRECOGNIZED PAST SERVICE COST (II)	**0.0**	**8.0**
Fair value of plan assets		
Fair value of plan assets at beginning of period	135.0	121.4
Expected return on plan assets	5.0	7.3
Employer contributions	11.6	12.4
Employee contributions	0.6	0.5
Benefits paid	(13.2)	(12.5)
Actuarial (loss)/gain	7.6	5.7
Translation adjustments	(4.3)	0.2
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (III)	**142.3**	**135.0**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) - (II) - (III)	**160.6**	**173.3**
Current liability	3.9	7.7
Non-current liability	156.7	165.6

Actuarial gains recognized in equity (comprehensive income for the period) as of December 31, 2013 amounted to €14.7 million (€9.8 million after tax), out of which €0.5 million stemmed from changes in demographic assumptions and €10.4 million from changes in financial assumptions.

The discount rates used are determined by reference to the yield on high quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €21.1 million and would increase the liability as of December 31, 2013 by the same amount;
- the rate of future salary increases. According to the results of these tests, a 50-basis point increase in the rate would lead to the recognition of additional actuarial losses of around €6.1 million and would increase the liability as of December 31, 2013 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in millions of euros)	
2014	10.5
2015	9.8
2016	11.5
2017	12.8
2018 and beyond	258.3
	302.9

The impact on profit is as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Service cost	(8.7)	(7.6)
Net interest cost	(4.7)	(3.7)
Other	(0.6)	0.4
	(14.0)	**(10.9)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2013:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		46.0	66.5	54.0
Debt instruments		47.4	31.4	39.7
Insurance funds	100.0	6.6	2.1	6.3
	100.0	**100.0**	**100.0**	**100.0**

16.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated *prorata* to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €89.9 million as of December 31, 2013 (€79.8 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €92.1 million as of December 31, 2013 (€90.9 million as of December 31, 2012, less unrecognized past service cost of €8.0 million) and the fair value of the related plan assets of €2.2 million as of December 31, 2013 (€3.1 million as of December 31, 2012).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate and an expected return on plan assets of 3.0% (3.0% and 3.0% in 2012). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

16.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.

Since January 1, 2007, these benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €37.3 million as of December 31, 2013 (€40.0 million as of December 31, 2012).

The calculations for these provisions are based on a discount rate of 3.0% in 2013 (4.0% in 2012).

16.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by Article 153 of the 2004 Finance Act.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

Contributions are calculated as a percentage of each participant's salary while he or she is employed by the UK subsidiary. Upon retirement, participants may choose to receive a lump sum representing up to 25% of their total benefit entitlement, and a regular pension whose amount depends on the amount of the lump-sum payment, if any.

The plan's trustees include three people employed by the subsidiary and two former employees who have retired. They are advised by an independent actuary.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.6% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 46.5% and retired participants for 50.9%.

Plan assets include equities for 46.0%, debt securities for 47.4% and insurance funds for 6.6%.

All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €8.3 million as of December 31, 2013 (€11.9 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €80.9 million (€82.7 million as of December 31, 2012) and the fair value of the related plan assets of €72.6 million (€70.8 million as of December 31, 2012).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 4.4%, a discount rate and an expected return on plan assets of 4.4% (3.8% and 4.0% in 2012).

16.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on section 430 of the Internal Revenue Code.

The trustee-administered plan is funded by employer contributions. Benefits for certain salaried plan participants at a percentage of their salary, which varies based on the participant's seniority. Benefits for certain hourly plan participants are a flat dollar amount based on the participant's seniority.

Salaried participants may choose to receive benefits either in a single lump sum payment or as a regular pension. Hourly participants receive benefits as a regular pension.

To meet its obligations under the plan, the Group has set up a Trust with Prudential Financial, Inc. The trust assets include several different investment funds.

The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 27.0% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.1% and retired participants for 58.9%.

Plan assets include equities (mainly US companies) for 66.5%, debt securities (mainly US bonds) for 31.4% and insurance funds for 2.1%.

All of these assets are marked to market.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €8.7 million as of December 31, 2013 (€25.7 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €65.1 million (€77.2 million as of December 31, 2012) and the fair value of the related plan assets of €56.4 million (€51.5 million as of December 31, 2012).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 4.5% (3.5% and 3.5% in 2012).

16.2 OTHER LONG-TERM EMPLOYEE BENEFITS

On March 6, 2013, the Board of Directors approved the implementation of long-term employee benefits plans for members of the Group Executive Committee, including the Chairman and Chief Executive Officer and for other employees deemed to be key for the Group, assuming the grantee is still present within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, as the case maybe, depend on the Group's future achievement of economic performance with or without indexation on the share price.

The plan based on the share price will be cash-settled and, in accordance with IFRS 2, the corresponding liability has thus been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.

The other plans qualify as long-term employee benefit plans, with corresponding provision recognized in compliance with IAS 19.

For the twelve months ended December 31, 2013, an expense of €13.0 million was recognized in operating profit in respect to these plans. See also note 12.1 for stocks options plans and performance shares plans previously granted, and note 12.1.4 for IFRS 2 charges accounted for in previous and actual periods.

NOTE 17 - OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Tax liabilities	66.2	68.8
Accrued employee benefits expense	186.1	186.3
Statutory and discretionary profit-sharing reserve	26.6	33.4
Payables related to fixed asset purchases	15.3	11.1
Accrued expenses	50.6	71.6
Accrued interest	46.2	45.7
Deferred revenue	15.0	15.8
Pension and other post-employment benefit obligations	3.9	7.7
Other current liabilities	31.9	38.1
	441.8	**478.5**

NOTE 18 - ANALYSIS OF CERTAIN EXPENSES

18.1 ANALYSIS OF OPERATING EXPENSES

Operating expenses include the following categories of costs:

(in millions of euros)	December 31, 2013	December 31, 2012
Raw materials and component costs	(1,437.8)	(1,415.9)
Salaries and payroll taxes	(1,113.3)	(1,120.0)
Employee profit-sharing	(30.2)	(35.8)
TOTAL PERSONNEL COSTS	**(1,143.5)**	**(1,155.8)**
Depreciation expense	(101.5)	(105.2)
Amortization expense	(66.9)	(61.1)

As of December 31, 2013 the Group had 33,272 employees on the payroll (December 31, 2012: 33,079).

18.2 ANALYSIS OF OTHER OPERATING INCOME AND EXPENSE

(in millions of euros)	December 31, 2013	December 31, 2012
Restructuring costs	(29.3)	(25.5)
Goodwill impairment	0.0	0.0
Other	(42.9)	(41.3)
	(72.2)	**(66.8)**

NOTE 19 - TOTAL NET FINANCIAL EXPENSE

19.1 EXCHANGE GAINS (LOSSES)

(in millions of euros)	December 31, 2013	December 31, 2012
Exchange gains (losses)	(1.8)	(11.7)

19.2 NET FINANCIAL EXPENSE

(in millions of euros)	December 31, 2013	December 31, 2012
Financial income	6.8	20.8
Change in fair value of financial instruments	0.1	0.0
Total financial income	6.9	20.8
Financial expense	(87.7)	(102.1)
Change in fair value of financial instruments	0.0	(0.4)
Total financial expense	(87.7)	(102.5)
NET FINANCIAL EXPENSE	**(80.8)**	**(81.7)**

Financial expense corresponds essentially to interest costs on borrowings (note 14).

Following the application of IAS 19 revised in 2013 (see note 2.1.3), the expected return on assets and interest costs on the defined benefit obligation are presented as a net amount in financial expenses. As a reminder, the expected return on assets accounted for in financial income in 2012 amounted to €7.3 million.

NOTE 20 - INCOME TAX EXPENSE (CURRENT AND DEFERRED) (NOTE 2.10)

Income tax expense consists of the following:

(in millions of euros)	December 31, 2013	December 31, 2012
Current taxes:		
France	(70.7)	(72.1)
Outside France	(167.7)	(166.0)
	(238.4)	**(238.1)**
Deferred taxes:		
France	(5.7)	5.0
Outside France	10.6	(14.5)
	4.9	**(9.5)**
Total income tax expense:		
France	(76.4)	(67.1)
Outside France	(157.1)	(180.5)
	(233.5)	**(247.6)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €766.8 million in 2013 versus €754.6 million in 2012:

(tax rate)	December 31, 2013	December 31, 2012
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ additional contributions in France	0.66%	0.32%
■ effect of foreign income tax rates	(5.01%)	(4.61%)
■ non-taxable items	(0.10%)	1.60%
■ income taxable at specific rates	0.55%	0.68%
■ other	0.00%	0.36%
	30.53%	**32.78%**
Impact on deferred taxes of:		
■ changes in tax rates	0.05%	0.12%
■ recognition or non-recognition of deferred tax assets	(0.13%)	(0.08%)
EFFECTIVE TAX RATE	**30.45%**	**32.82%**

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Deferred taxes recorded by French companies	(309.2)	(300.0)
Deferred taxes recorded by foreign companies	(258.1)	(255.0)
	(567.3)	**(555.0)**
Origin of deferred taxes:		
■ impairment losses on inventories and receivables	44.0	43.3
■ margin on inventories	22.4	19.8
■ recognized operating losses carried forward	11.5	9.2
■ finance leases	(13.5)	(14.9)
■ fixed assets	(131.5)	(144.2)
■ trademarks	(532.7)	(535.7)
■ developed technology	(1.3)	(1.9)
■ other provisions	24.0	29.9
■ statutory profit-sharing	3.8	2.5
■ pensions and other post-employment benefits	39.9	43.1
■ fair value adjustments to derivative instruments	(2.0)	(2.1)
■ other	(31.9)	(4.0)
	(567.3)	**(555.0)**
■ of which deferred tax assets	94.5	93.8
■ of which deferred tax liabilities	(661.8)	(648.8)

Short and long-term deferred taxes can be analyzed as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Deferred taxes – short term	73.9	83.8
Deferred taxes – long term	(641.2)	(638.8)
	(567.3)	**(555.0)**

Tax losses carried forward break down as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Recognized operating losses carried forward	40.3	30.6
Recognized deferred tax assets	11.5	9.2
Unrecognized operating losses carried forward	128.3	122.2
Unrecognized deferred tax assets	32.8	32.5
Total net operating losses carried forward	168.6	152.8

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

NOTE 21 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

21.1 SPECIFIC TRANSACTIONS

Specific commitments and their expiry dates are discussed in the following notes:

- note 6: Property, plant and equipment;
- note 14: Long-term and short term borrowings;
- note 16: Pension and other post-employment benefit obligations.

21.2 ROUTINE TRANSACTIONS

21.2.1 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in millions of euros)	December 31, 2013	December 31, 2012
Due within one year	45.7	44.4
Due in one to two years	38.5	36.9
Due in two to three years	30.3	31.2
Due in three to four years	22.4	22.8
Due in four to five years	18.2	16.6
Due beyond five years	48.9	54.4
	204.0	**206.3**

21.2.2 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €6.2 million as of December 31, 2013.

21.3 CONTINGENT LIABILITIES

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

NOTE 22 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

22.1 FINANCIAL INSTRUMENTS

22.1.1 Derivatives

	December 31, 2013			
(in millions of euros)	Financial income and expense, net	Equity	Book value	IFRS designation
Exchange rate derivatives				
Forwards and options designated as fair value hedges	3.1		(0.1)	FVH*
Forward contracts designated as net investment hedges				NIH**
Commodity derivatives				
Futures and options				FVH*
Interest rate derivatives				
Interest rate caps	0.0		0.0	FVH*
	3.1		**(0.1)**	

* *Fair Value Hedge.*

** *Net Investment Hedge.*

All financial instruments are classified in Level 2 of the fair value hierarchy described in note 2.12.

22.1.2 Impact of financial instruments

	12 months ended December 31, 2013			
		Impact on equity		
(in millions of euros)	Impact on financial income and expense, net	Fair value	Translation adjustment	Other
Trade receivables				
Trade payables				
Borrowings	(71.1)		12.2	
Derivatives	3.1			
	(68.0)		**12.2**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in note 2.12).

22.1.3 Breakdown of balance sheet items by type of financial instrument

	December 31, 2013					December 31, 2012
			Type of financial instrument			
(in millions of euros)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	474.3	474.3		474.3		490.6
Other current financial assets	0.0	0.0			0.0	0.0
TOTAL CURRENT ASSETS	**474.3**	**474.3**		**474.3**	**0.0**	**490.6**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	86.9	86.9		86.9		80.1
Trade payables	468.8	468.8		468.8		440.7
Other current financial liabilities	0.1	0.1			0.1	0.5
TOTAL CURRENT LIABILITIES	**555.8**	**555.8**		**555.7**	**0.1**	**521.3**
Non-current liabilities						
Long-term borrowings	1,486.6	1,586.7		1,486.6		1,496.7
TOTAL NON-CURRENT LIABILITIES	**1,486.6**	**1,586.7**		**1,486.6**		**1,496.7**

Only items classified as "Other current financial assets and liabilities" are measured at fair value. In accordance with IFRS 13, fair value measurement of other current financial assets takes counterparty default risk into account.

In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

22.2 MANAGEMENT OF FINANCIAL RISKS

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department who recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to permit permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in millions of euros)	December 31, 2013	December 31, 2012
Other current financial assets	**0.0**	**0.0**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.0	0.0
Other current financial liabilities	**0.1**	**0.5**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.1	0.5

22.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

	December 31, 2013							December 31, 2012
(in millions of euros)	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
Financial assets*								
Fixed rate								
Variable rate	605.8						605.8	494.3
Financial liabilities**								
Fixed rate	(3.5)	(4.9)	(24.8)	(316.2)	(410.1)	(679.5)	(1,439.0)	(1,465.6)
Variable rate	(83.4)	(2.3)	(20.4)	(20.1)	(9.5)	(7.3)	(143.0)	(121.6)
Net exposure								
Fixed rate	(3.5)	(4.9)	(24.8)	(316.2)	(410.1)	(679.5)	(1,439.0)	(1,465.6)
Variable rate	522.4	(2.3)	(20.4)	(20.1)	(9.5)	(7.3)	462.8	372.7

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

Interest rate hedging instruments consist of caps and swaps and are described below.

Caps

Variable-rate debt is hedged by interest-rate instruments with maturities of no more than three years. These contracts are mainly caps, in line with the Group's policy of setting an upper limit on interest rates while retaining the opportunity to benefit from more favorable rate changes.

The portfolio of caps on euro-denominated debt breaks down as follows:

(in millions of euros)	December 31, 2013		
Period covered	Notional amount	Benchmark rate	Average guaranteed rate including premium
July 2013 – December 2013	400.0	3-month Euribor	4.72%

The caps expired on January 1, 2014 and have not been rolled over.

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in "Other current financial assets", in an amount equal to zero as of December 31, 2013 (December 31, 2012: €0.0 million). The effect of changes in fair value on consolidated profit was zero in 2013 (2012: €0.2 million loss), amount recognized in "Net financial expense" (note 20.2).

Interest-rate swaps

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, this adjustment will be amortized to profit or loss as a deduction to financial expense in the period through March 2015, i.e. over the initial life of the swaps. The gain recognized in 2013 was €3.5 million (€3.5 million in 2012).

Further interest rate swaps may be set up in the future, based on changes in market conditions.

Sensitivity

The following table shows the sensitivity of net debt to changes in interest rates, before hedging instruments:

	December 31, 2013		December 31, 2012	
(in millions of euros)	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
Impact of a 100-bps increase in interest rates	3.1	3.1	1.0	1.0
Impact of a 100-bps decrease in interest rates	(4.1)	(4.1)	(1.5)	(1.5)

The impact of a 100 basis point increase in interest rates would result in a gain of €3.1 million due to a net positive exposure to variable rate. Conversely, the impact of a 100 basis points decrease in interest rates would result in a loss of €4.1 million.

22.2.2 Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

	December 31, 2013					December 31, 2012
(in millions of euros)	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	304.8	1,170.8	(866.0)	(12.9)	(878.9)	(1,021.8)
US dollar	53.9	294.5	(240.6)	0.0	(240.6)	(202.6)
Other currencies	247.1	116.7	130.4	12.9	143.3	131.5
	605.8	**1,582.0**	**(976.2)**	**0.0**	**(976.2)**	**(1,092.9)**

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

	December 31, 2013		December 31, 2012	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in millions of euros)	10% increase		10% increase	
US dollar	1.3	29.3	4.6	34.2
Other currencies	1.4	11.7	10.1	10.1

	December 31, 2013		December 31, 2012	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in millions of euros)	10% decrease		10% decrease	
US dollar	(1.2)	(26.6)	(4.6)	(34.2)
Other currencies	(1.3)	(10.6)	(10.1)	(10.1)

"Natural" hedges are preferred, in particular by balancing the breakdown by currency of net debt with the breakdown by currency of operating profit.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As of December 31, 2013 the Group has set up forward contracts in Australian dollars which have a positive net fair value of €0.1 million, reported in "Other current financial assets" (December 31, 2012: negative net fair value of €0.5 million, reported in "Other current financial liabilities").

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2013			December 31, 2012
(in millions of euros)	Operating assets*	Operating liabilities**	Net exposure	Net exposure
Euro	441.0	(582.2)	(141.2)	(138.5)
US dollar	182.0	(101.8)	80.2	45.8
Other currencies	610.7	(326.5)	284.1	296.4
	1,233.7	**(1,010.5)**	**223.1**	**203.7**

* *Operating assets: trade receivables, inventories and other receivables, net of impairment.*

** *Operating liabilities: trade payables, short-term provisions and other current liabilities.*

The table below presents the breakdown of net sales and operating expenses by currency as of December 31, 2013:

(in millions of euros)	Net sales		Operating expenses	
Euro	1,890.4	42.4%	1,447.2	40.1%
US dollar	852.2	19.1%	729.3	20.2%
Other currencies	1,717.8	38.5%	1,434.5	39.7%
	4,460.4	**100.0%**	**3,611.0**	**100.0%**

As shown in the above table, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. No such hedges were entered into in 2013.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to 2013 figures would have resulted in a decrease in net revenue of approximately € 233.6 million and a decrease in operating profit of approximately €36.9 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €257.0 million and an increase in operating profit of approximately €40.6 million.

In the same way, a 10% increase applied to 2012 figures would have resulted in a decrease in net revenue of approximately €224.0 million and a decrease in operating profit of approximately €35.7 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €246.4 million and an increase in operating profit of approximately €39.3 million.

22.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Raw materials purchases amounted to around €430.0 million in 2013.

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €43.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting; raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group did not set up any such hedging contracts in 2013.

22.2.4 Credit risk

Credit risk covers both:

- risks related to outstanding customer receivables;
- counterparty risks with financial institutions.

As explained in note 8, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or Corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a daily follow up of notations and Credit Default Swap rates of any one of these counterparties.

22.2.5 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€967.7 million as of December 31, 2013) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2025. The average maturity of gross debt is seven years.

Legrand is rated A- Stable Outlook by Standard & Poor's, attesting to the strength of the Group's business model and balance sheet.

Rating agency	Long term debt	Outlook
S&P	A-	Stable

NOTE 23 - INFORMATION RELATING TO CORPORATE OFFICERS

The Group identified corporate officers as being its related parties.

It considers that, as per IAS 24 corporate officers are the members of the board of directors.

Compensation and benefits provided to the members of the board of directors for their services are detailed in the following table:

(in millions of euros)	December 31, 2013	December 31, 2012
Compensation (amounts paid during the period)		
Fixed compensation	3.6	3.6
Variable compensation	1.4	1.3
Other short-term benefits(1)	0.0	0.0
Pension benefits and other post-employment benefits(2)	**1.3**	**4.0**
Other long-term benefits (charge for the period)(3)	**1.3**	**0.0**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period)(4)	**2.3**	**4.2**

(1) Other short-term benefits include director's fees and benefits in kind.

(2) Change in the obligation's present value (in accordance with IAS 19).

(3) As per the long-term employee benefits plans described in note 16.2.

(4) As per the performance share plans and the stock option plans described in note 12.

NOTE 24 - INFORMATION BY GEOGRAPHICAL SEGMENT (NOTE 2.17)

The information by geographical segment presented below corresponds to the information used by the Group management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system.

12 months ended December 31, 2013	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the world		
(in millions of euros)	France	Italy	Others				
Revenue to third parties	**1,053.9**	**522.5**	**800.1**	**773.3**	**1,310.6**		**4,460.4**
Cost of sales	(391.2)	(184.0)	(465.7)	(378.8)	(736.9)		(2,156.6)
Administrative and selling expenses, R&D costs	(403.2)	(163.8)	(200.2)	(269.2)	(345.8)		(1,382.2)
Other operating income (expense)	(14.3)	(5.6)	(4.4)	(13.6)	(34.3)		(72.2)
Operating profit	**245.2**	**169.1**	**129.8**	**111.7**	**193.6**		**849.4**
■ of which acquisition-related amortization, expense and income*							
■ accounted for in administrative and selling expenses, R&D costs	(6.0)	0.0	(2.6)	(10.7)	(13.6)		(32.9)
■ accounted for in other operating income (expense)							0.0
■ of which goodwill impairment							0.0
Adjusted operating profit	**251.2**	**169.1**	**132.4**	**122.4**	**207.2**		**882.3**
■ of which depreciation expense	(30.5)	(22.9)	(13.3)	(9.0)	(25.1)		(100.8)
■ of which amortization expense	(3.5)	(4.1)	(1.1)	(2.0)	(1.1)		(11.8)
■ of which amortization of development costs	(19.6)	(7.1)	0.0	(0.7)	(0.3)		(27.7)
■ of which restructuring costs	(15.1)	(1.1)	(0.5)	(4.2)	(8.4)		(29.3)
Net cash provided by operating activities						691.9	691.9
Net proceeds from sales of fixed and financial assets						4.3	4.3
Capital expenditure	(23.6)	(16.7)	(25.3)	(8.8)	(29.5)		(103.9)
Capitalized development costs	(22.6)	(5.7)	(0.2)	(0.4)	(0.2)		(29.1)
Free cash flow**						**563.2**	**563.2**
Normalized free cash flow***						**588.8**	**588.8**
Normalized free cash flow as % of sales							**13.2%**
Current operating assets excluding taxes	223.5	123.2	257.7	148.5	480.8		1,233.7
Net tangible assets	182.5	124.8	87.6	44.1	121.6		560.6
Current operating liabilities excluding taxes	352.8	177.9	108.7	101.2	269.9		1,010.5

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a constant like-for-like working capital to revenue ratio of 10%, and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.*

12 months ended December 31, 2012 *(in millions of euros)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the world		
	France	Italy	Others				
Revenue to third parties	**1,073.7**	**576.5**	**808.2**	**750.3**	**1,258.0**		**4,466.7**
Cost of sales	(396.9)	(221.2)	(472.5)	(365.3)	(701.9)		(2,157.8)
Administrative and selling expenses, R&D costs	(415.2)	(172.8)	(204.8)	(269.9)	(331.4)		(1,394.1)
Other operating income (expense)	(13.6)	(3.3)	(22.5)	(3.6)	(23.8)		(66.8)
Operating profit	**248.0**	**179.2**	**108.4**	**111.5**	**200.9**		**848.0**
■ of which acquisition-related amortization, expense and income*							
■ accounted for in administrative and selling expenses, R&D costs	(4.7)	0.0	(2.6)	(10.7)	(11.3)		(29.3)
■ accounted for in other operating income (expense)		2.9					2.9
■ of which goodwill impairment							0.0
Adjusted operating profit	**252.7**	**176.3**	**111.0**	**122.2**	**212.2**		**874.4**
■ of which depreciation expense	(32.8)	(23.8)	(15.7)	(9.5)	(22.6)		(104.4)
■ of which amortization expense	(4.0)	(3.9)	(1.0)	(1.8)	(1.5)		(12.2)
■ of which amortization of development costs	(14.7)	(7.4)	0.0	(1.0)	(1.1)		(24.2)
■ of which restructuring costs	(12.0)	(1.5)	(3.7)	(0.4)	(7.9)		(25.5)
Net cash provided by operating activities						739.2	739.2
Net proceeds from sales of fixed and financial assets						8.4	8.4
Capital expenditure	(20.9)	(16.7)	(16.1)	(10.7)	(28.1)		(92.5)
Capitalized development costs	(20.3)	(6.6)	(0.2)	(0.5)	(0.5)		(28.1)
Free cash flow**						**627.0**	**627.0**
Normalized free cash flow***						**619.6**	**619.6**
Normalized free cash flow as % of sales							**13.9%**
Current operating assets excluding taxes	229.1	128.8	262.1	163.8	447.1		1,230.9
Net tangible assets	193.6	134.9	77.2	48.2	122.7		576.6
Current operating liabilities excluding taxes	363.4	165.7	123.8	118.5	255.8		1,027.2

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a constant like-for-like working capital to revenue ratio of 10%, and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.*

NOTE 25 - QUARTERLY DATA – UNAUDITED

25.1 QUARTERLY REVENUE BY GEOGRAPHICAL SEGMENT (BILLING REGION)

(in millions of euros)	1st quarter 2013	1st quarter 2012
France	268.7	280.2
Italy	151.7	160.6
Rest of Europe	187.5	189.4
USA/Canada	185.0	172.5
Rest of the world	300.0	283.5
TOTAL	**1,092.9**	**1,086.2**

(in millions of euros)	2nd quarter 2013	2nd quarter 2012
France	271.2	285.3
Italy	137.4	156.2
Rest of Europe	197.3	204.9
USA/Canada	207.5	189.9
Rest of the world	347.7	301.2
TOTAL	**1,161.1**	**1,137.5**

(in millions of euros)	3rd quarter 2013	3rd quarter 2012
France	231.5	243.4
Italy	114.2	130.6
Rest of Europe	197.6	202.1
USA/Canada	202.6	203.2
Rest of the world	318.7	331.8
TOTAL	**1,064.6**	**1,111.1**

(in millions of euros)	4th quarter 2013	4th quarter 2012
France	282.5	264.8
Italy	119.2	129.1
Rest of Europe	217.7	211.8
USA/Canada	178.2	184.7
Rest of the world	344.2	341.5
TOTAL	**1,141.8**	**1,131.9**

25.2 QUARTERLY INCOME STATEMENTS

(in millions of euros)	1st quarter 2013	1st quarter 2012
Revenue	**1,092.9**	**1,086.2**
Operating expenses		
Cost of sales	(525.5)	(509.3)
Administrative and selling expenses	(297.9)	(302.8)
Research and development costs	(50.6)	(49.6)
Other operating income (expense)	(10.3)	(8.6)
Operating profit	**208.6**	**215.9**
Financial expense	(22.9)	(25.0)
Financial income	3.1	4.7
Exchange gains (losses)	(3.9)	(5.1)
Total net financial expense	(23.7)	(25.4)
Profit before tax	**184.9**	**190.5**
Income tax expense	(60.1)	(66.5)
Profit for the period	**124.8**	**124.0**
Attributable to:		
■ **equity holders of Legrand**	**124.5**	**123.3**
■ **minority interests**	**0.3**	**0.7**

(in millions of euros)	2nd quarter 2013	2nd quarter 2012
Revenue	**1,161.1**	**1,137.5**
Operating expenses		
Cost of sales	(553.0)	(542.0)
Administrative and selling expenses	(303.1)	(302.3)
Research and development costs	(49.9)	(46.2)
Other operating income (expense)	(21.6)	(18.6)
Operating profit	**233.5**	**228.4**
Financial expense	(20.0)	(26.0)
Financial income	0.2	5.8
Exchange gains (losses)	(2.2)	(5.5)
Total net financial expense	(22.0)	(25.7)
Profit before tax	**211.5**	**202.7**
Income tax expense	(65.1)	(57.3)
Profit for the period	**146.4**	**145.4**
Attributable to:		
■ **equity holders of Legrand**	**145.3**	**145.4**
■ **minority interests**	**1.1**	**0.0**

(in millions of euros)	3rd quarter 2013	3rd quarter 2012
Revenue	**1,064.6**	**1,111.1**
Operating expenses		
Cost of sales	(517.9)	(546.1)
Administrative and selling expenses	(283.5)	(291.6)
Research and development costs	(45.2)	(49.8)
Other operating income (expense)	(13.1)	(12.9)
Operating profit	**204.9**	**210.7**
Finance costs	(21.2)	(25.6)
Financial income	1.5	4.4
Exchange gains (losses)	4.0	(1.6)
Total net finance expense	(15.7)	(22.8)
Profit before tax	**189.2**	**187.9**
Income tax expense	(56.3)	(65.8)
Profit for the period	**132.9**	**122.1**
Attributable to:		
■ **equity holders of Legrand**	**132.3**	**121.7**
■ **minority interests**	**0.6**	**0.4**

(in millions of euros)	4th quarter 2013	4th quarter 2012
Revenue	**1,141.8**	**1,131.9**
Operating expenses		
Cost of sales	(560.2)	(560.4)
Administrative and selling expenses	(299.9)	(300.4)
Research and development costs	(52.1)	(51.4)
Other operating income (expense)	(27.2)	(26.7)
Operating profit	**202.4**	**193.0**
Financial expense	(23.6)	(25.9)
Financial income	2.1	5.9
Exchange gains (losses)	0.3	0.5
Total net financial expense	(21.2)	(19.5)
Profit before tax	**181.2**	**173.5**
Income tax expense	(52.0)	(58.0)
Profit for the period	**129.2**	**115.5**
Attributable to:		
■ **equity holders of Legrand**	**128.4**	**115.2**
■ **minority interests**	**0.8**	**0.3**

NOTE 26 - LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements comprise the financial statements of Legrand and its 160 subsidiaries.

All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of December 31, 2013 are as follows:

French subsidiaries	
Groupe Arnould	
Legrand France	
Legrand SNC	
Foreign subsidiaries	
Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc.	United States
Daneva	Brazil
DongGuan Rocom Electric	China
EMB Electrical Industries	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Group Belgium	Belgium
Legrand Group España	Spain
Legrand Group Pty Ltd	Australia
Legrand Home Systems	United States
Legrand Polska	Poland
Legrand SNC FZE	United Arab Emirates
Legrand Zrt	Hungary
Middle Atlantic Products Inc.	United States
Minkels BV	Netherlands
Novateur Electrical and Digital Systems (NEDS)	India
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At December 31, 2013 all subsidiaries were wholly owned except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 96%-owned, Seico, which is 90%-owned, Megapower, which is 80%-owned, Adlec Power, which is 70%-owned, and Daneva, which is 51%-owned.

NOTE 27 - SUBSEQUENT EVENTS

On February 5, 2014, the Group announced the purchase of Lastar Inc., a frontunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States. With facilities based primarily in the United States and in China, Lastar Inc. has annual sales of around $130 million.

On February 6, 2014, the Group announced in addition the purchase of a majority stake in Neat, Spain's leader in assisted living and a major player in this market Europe-wide. It acquired 51% of the shares with an option to take full control from 2018. Based in Madrid, Neat has annual revenues of over €15 million.

The completion of these two transactions is subject to customary conditions precedent.

9.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS, IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2013

Statutory Auditors' Report on the Consolidated Financial Statements

For the Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

LEGRAND
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of Legrand;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Goodwill and intangible assets represent respectively € 2.411,7 million and € 1.821,1 million of the total consolidated assets of your Company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in Notes 2.6 and 2.7 of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in Notes 4 and 5 of the consolidated financial statements is appropriate.

These assessments were made as part of our audit approach of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we also verified the information presented in the Group management report in accordance with professional standards applicable in France.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 12, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Édouard Sattler

Deloitte & Associés

Jean-Marc Lumet

9.3 - FEES PAID TO STATUTORY AUDITORS

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	In euros (excluding tax)		*%*		*In euros (excluding tax)*		*%*	
	2013	2012	2013	2012	2013	2012	2013	2012
Auditing								
Statutory audit, certification and review of separate and consolidated financial statements	**1,765,774**	**1,534,284**	**53%**	**74%**	**1,779,194**	**1,805,896**	**87%**	**74%**
of which:								
■ Issuer	271,474	259,351	8%	12%	270,285	259,351	13%	11%
■ Fully consolidated subsidiaries	1,494,300	1,274,933	45%	62%	1,508,909	1,546,546	74%	63%
Other work and services directly related to the audit assignment*	**1,043,973**	**154,632**	**31%**	**7%**	**201,865**	**575,142**	**10%**	**24%**
of which:								
■ Issuer	47,356	154,632	1%	7%	37,675	100,325	2%	4%
■ Fully consolidated subsidiaries	996,617	0	30%	0%	164,190	474,817	8%	19%
SUB-TOTAL AUDIT	**2,809,747**	**1,688,916**	**85%**	**82%**	**1,981,060**	**2,381,039**	**97%**	**98%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax and labor	503,754	377,782	15%	18%	63,463	58,612	3%	2%
Others	1,986	2,668	0%	0%	4,335	0	0%	0%
SUB-TOTAL, OTHERS	**505,740**	**380,450**	**15%**	**18%**	**67,798**	**58,612**	**3%**	**2%**
TOTAL	**3,315,487**	**2,069,366**	**100%**	**100%**	**2,048,857**	**2,439,651**	**100%**	**100%**

* *These services mainly relate to services realized for certain acquisitions.*

9.4 - DIVIDEND POLICY

The Company may decide to distribute dividends upon the recommendation of its Board of Directors and following a decision of its shareholders at their Annual General Meeting. However, the Company is under no obligation to do so, and the decision of whether to recommend payment of a dividend and the amount of the dividend will depend, among other factors, on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's future prospects;
- the Company's shareholders' interests;
- general business conditions; and
- any other factors that the Company's Board of Directors deems relevant.

Notwithstanding the factors listed above, there is no formula for determining the amount of dividend to be paid. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to pay dividends in certain circumstances.

Dividends distributed for the 2010, 2011 and 2012 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share
2010	262,911,065 shares with a par value of €4	€0.88
2011	263,449,797 shares with a par value of €4	€0.93
2012	265,130,755 shares with a par value of €4	€1

All dividends distributed in 2010, 2011 and 2012 were eligible for the 40% tax credit (*abattement*) provided for in Article 158-3-2e of the French General Tax Code.

Subject to approval of the Shareholders' General Meeting to be held on May 27, 2014, the Company should pay a dividend of €1.05 per share for the 2013 financial year, on June 3, 2014.

9.5 - LEGAL AND ARBITRATION PROCEEDINGS

With respect to environmental matters, and mainly because of past operations and the operations of predecessor companies, the Group is a party to various lawsuits and claims that are common to companies in the manufacturing sector, including claims relating to groundwater and soil contamination due to the disposal and release of hazardous substances and waste. New information or future developments, such as changes in law (or its interpretation), environmental conditions or its operations, could nonetheless result in increased environmental costs and liabilities that could have a material effect on the Group financial position or results.

Legrand is also involved in other legal proceedings from time to time in the ordinary course of its business. The Group does not expect the outcome of such proceedings, either individually or in aggregate, to have a material adverse effect on its operations, financial position or cash flows.

The Company has no knowledge during the past 12 months of other governmental, legal or arbitration proceedings (including pending or threatened litigation and those proceedings of which the Company has knowledge) that might have or recently had a material impact on the financial position or profitability of the Company and/or Group.

9.6 - SIGNIFICANT CHANGE IN FINANCIAL AND TRADING POSITION

As of the publication date of this Registration Document, there have been no significant changes in Legrand financial or commercial position since the date of publication of the 2012 separate financial statements.

9.7 - MATERIAL AGREEMENTS

Given the nature of its business, at the date of this Registration Document the Company has not entered into any material agreements, other than the agreements entered into in the ordinary course of business, with the exception of the 2011 Credit Facility described in note 14 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

9.8 - CAPITAL EXPENDITURE

9.8.1 - Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €133.0 million in 2013 (€120.6 million in 2012 and €137.0 million in 2011), representing 3.0% of the Group's consolidated sales (2.7% in 2012 and 3.2% in 2011). See sections and 6.6 of this Registration Document for further details on these items.

9.8.2 - Investments in equity interests: the Group's primary acquisitions

Legrand has pursued its strategy of targeted self-financed acquisitions of small and medium-sized companies with promising outlooks and strong positions in their markets or with proven technological expertise, and since January 2013 has announced six acquisitions with total acquired annual sales of approximately €200 million.

Below are extracts from press releases published about these acquisitions:

- Seico, Saudi leader in industrial metal cable management. With three production plants in Saudi Arabia which manufacture all of its output, Seico reported sales of around €23 million in 2012;
- S2S Onduleurs, a UPS (Uninterruptible Power Supply) specialist in France. This acquisition allows Legrand to strengthen its position in the promising UPS market, relying on the strong sales and service network of S2S, which in 2012 generated sales of over €20 million;
- Acquisition of a majority shareholding in Adlec Power, leading Indian manufacturer of distribution panels. Legrand has a 70% stake in the company, with the option of taking full control from July 2018. Based in the Delhi region, Adlec Power generates annual sales of approximately €23 million;
- Tynetec, leading player in assisted living systems in the United Kingdom. Based in the Newcastle area, Tynetec has annual sales of more than €15 million;
- Lastar Inc., a leading player in the United States in connectivity solutions for VDI (Voice-Data-Image) and A/V systems. Based primarily in the United States and China, Lastar Inc. has annual sales of about US$130 million;
- Acquisition of a majority shareholding in Neat, the leading Spanish supplier of assisted living systems and a major player in this market in Europe. Legrand's shareholding within the entity amounts to 51%, with option of taking full control in 2018. Based in Madrid, Neat generates annual sales of over €15 million.

During the 2012 financial year, Legrand made four acquisitions. Below are extracts from press releases published about these acquisitions:

- Numeric UPS, the leader in the small and medium rating UPS (Uninterruptible Power Supply) market in India. Mainly present in southeast India, Numeric UPS has eight production sites and reported sales of approximately €80 million in 2011;
- Aegide, the leader in Voice-Data-Image cabinets for datacenters in the Netherlands and a leading player in this market in Europe. Based near Eindhoven, Aegide reported sales of more than €36 million in 2011;
- Daneva, leader in connection accessories in Brazil. Based near Sao Paulo, Daneva reported sales of around €28 million in 2011;
- NuVo Technologies, specialized in home Multi-Room Audio (MRA) solutions in the United States. Formed in 2002 and based in Hebron, Kentucky, NuVo Technologies is expected to post sales of approximately US$20 million for 2012, 65% of which will have been generated in the US.

During the 2011 financial year, Legrand made five acquisitions. Below are extracts from press releases published about these acquisitions:

- Electrorack, specialized in Voice-Data-Image (VDI) cabinets for datacenters in the United States. Based in Anaheim in California, Electrorack should post sales of over US$23 million in 2010;
- Intervox, a leader for connected security systems in France. In 2010, Intervox Systèmes reported sales of €12 million;
- SMS, the leader in UPS (Uninterruptible Power Supply) in Brazil and a leading player in this field in Latin America. With facilities near Sao Paulo and in northern Brazil. SMS reported sales of approximately €80 million in 2010;
- Middle Atlantic Products Inc., the leader in audio and video enclosures in North America. With facilities in New Jersey, Illinois, California and Canada, Middle Atlantic Products Inc. reported sales of over US$107 million in 2010;
- Megapower, the Malaysian leader in plastic cable management. Based near Kuala Lumpur, Megapower reported sales of approximately €20 million in 2010.

9.8.3 - Principal investments in progress

In 2014, the Group plans to pursue its strategy of targeted growth through acquisitions and, as of the date of publication of this Registration Document, had no other operations than those mentioned in section 9.8.2 above.

9.8.4 - Principal future investments and growth through acquisitions policy

The Company intends to pursue its strategy of targeted acquisitions and investments, particularly in research and development, in accordance with the strategy described in this Registration Document (see in particular section 3.2.3.2 of this Registration Document).

ADDITIONAL INFORMATION 10

10.1 - INFORMATION ABOUT THE COMPANY

10.1.1 - Company name

The Company's name is "Legrand".

10.1.2 - Place of registration and registration number

The Company is registered with the commercial registry of Limoges (*Registre du commerce et des sociétés de Limoges*) under number 421 259 615.

10.1.3 - Date and duration of incorporation

The Company was initially incorporated on December 22, 1998, as a French stock corporation (*société anonyme*). The Company was transformed into a simplified joint stock company (*société par actions simplifiée*) by an Extraordinary General Meeting of Shareholders on December 5, 2001. The Company was again transformed into a French stock corporation (*société anonyme*) by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

10.1.4 - Registered office

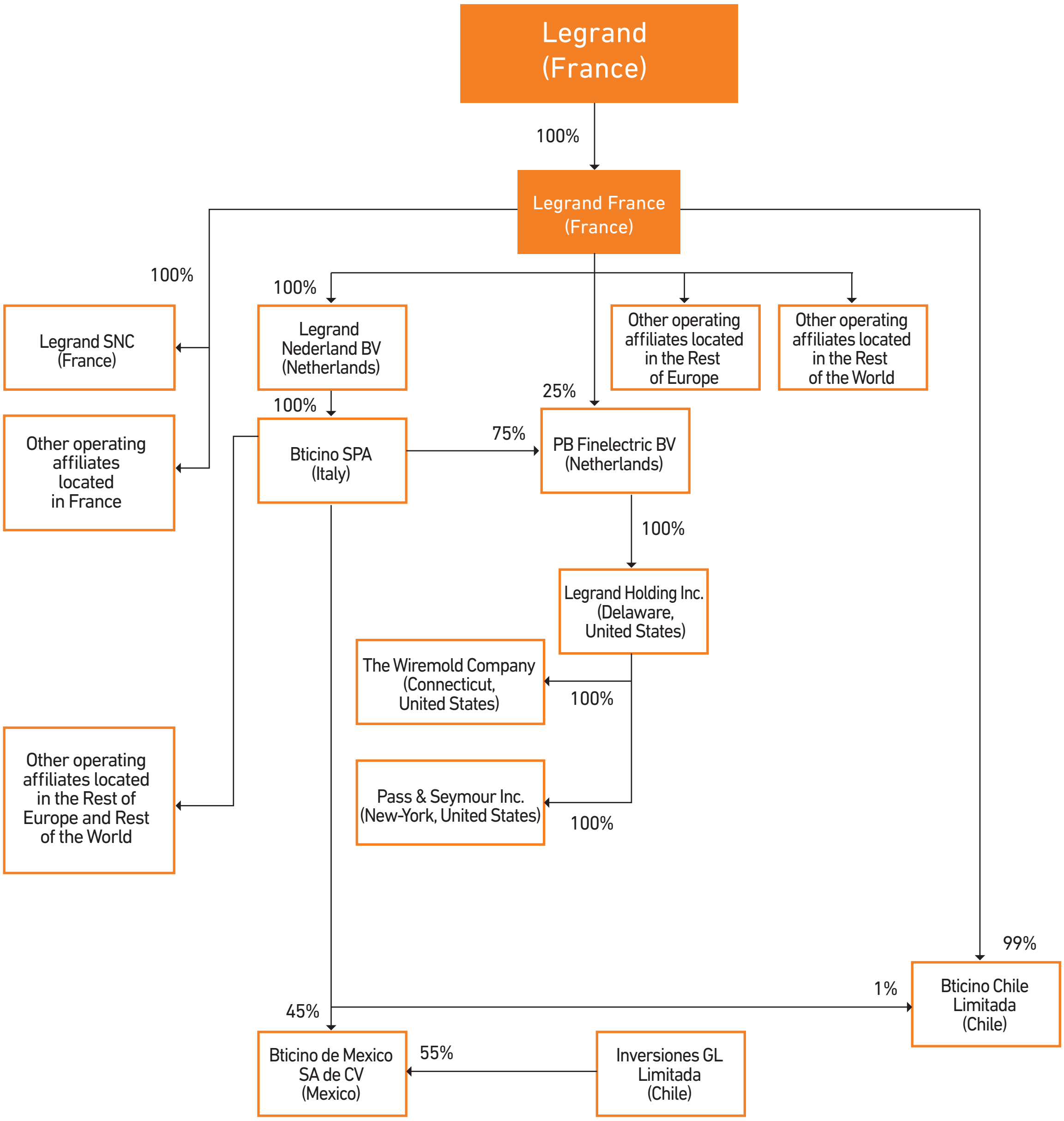
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

10.1.5 - Legal form and applicable law

Legrand is a French stock corporation (*société anonyme*) with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

10.1.6 - Organization chart



10.1.7 - Subsidiaries

The Group is made up of the Company and the 160 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in chapter 9 (Note 26) of this Registration Document. All Legrand Group subsidiaries are fully consolidated.

The Company is the parent company of the Legrand Group. Its main business consists in providing general management and financial services to manage the Group's operations. Please see (i) section 8.4 of this Registration Document for a description of related party transactions, and (ii) the Management Report in

Appendix 2 below for the list of offices held by the Chairman and Chief Executive Officer in Group subsidiaries.

Legrand France is the Company's wholly-owned main operating subsidiary. As at December 31, 2013, the subsidiaries are all wholly controlled, either directly or indirectly, by the Company, with the exception of: Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, all of them being over 96% owned; Seico, being 90% owned; Megapower, being 80% owned; Adlec, being 70% owned; and Daneva being 51% owned.

The payment of dividends by Legrand's main subsidiaries is decided by their respective shareholders' general meetings, and is subject to the local laws and regulations applicable to them. At the date of this Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries that hold interests in the Group are:

BTICINO CHILE LIMITADA (CHILE)

Bticino Chile Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Bticino Chile Limitada is the sale of electrical products and systems. Moreover, Bticino Chile Limitada owns the Bticino brand in Chile. Bticino Chile Limitada was formed on June 1, 1968 and entered the Group's scope on July 1, 1989. Bticino Chile Limitada is 99% owned by Legrand France and 1% owned by Bticino SpA.

BTICINO DE MEXICO SA DE CV (MEXICO)

Bticino de Mexico SA de CV is a variable capital joint stock company formed under Mexican law, with its registered office at Carretera 57, Qro a S.L.P Km 22.7, Santa Rosa de Jauregui, 76220 Queretaro. The primary purpose of Bticino de Mexico SA de CV is the design, manufacture and marketing of electrical products and systems. Bticino de Mexico SA de CV was formed on January 30, 1952 and entered the Group's scope on August 15, 1989. Bticino de Mexico SA de CV is 45% owned by Bticino SpA and 55% owned by Inversiones GL Limitada.

BTICINO SPA (ITALY)

Bticino SpA is a joint stock company formed under Italian law, with its registered office at Viale Borri 231, 21100 Varese. The primary purpose of Bticino SpA is the design, manufacture and marketing of electrical products and systems. Bticino SpA entered the Group's scope on July 1, 1989. Bticino SpA is wholly owned by Legrand Nederland BV.

INVERSIONES GL LIMITADA (CHILE)

Inversiones GL Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Inversiones GL Limitada is to take equity stakes in other companies. GL Limitada was formed and entered the Group's scope on December 26, 2001. Inversiones GL Limitada is owned by two registered Chilean companies.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operating subsidiary in France. It is a French stock corporation (*société anonyme*), registered in the Limoges commercial registry (*Registre du commerce et des sociétés*) under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc. is to take equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and entered the Group's scope on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is the manufacture and marketing of metal cable trays. Legrand Nederland BV was formed and entered the Group's scope on December 27, 1972. Legrand Nederland BV is wholly owned by Legrand France.

LEGRAND SNC (FRANCE)

Legrand SNC is a general partnership formed under French law, registered in the Limoges commercial registry (*Registre du commerce et des sociétés*) under number 389 290 586, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand SNC is the marketing and distribution of Legrand brand products. Legrand SNC was formed and entered the Group's scope on December 8, 1992. Legrand SNC is wholly owned by Legrand France.

PASS & SEYMOUR INC. (UNITED STATES)

Pass & Seymour Inc. is incorporated under US law, registered in New York and has its registered offices at 50 Boyd Avenue, Syracuse, NY 13221. The primary purpose of Pass & Seymour Inc. is the design, manufacture and marketing of electrical wiring devices. Pass & Seymour Inc. was formed on July 23, 1984 and entered the Group's scope on October 31, 1984. Pass & Seymour Inc. is wholly owned by Legrand Holding Inc. In addition, Pass & Seymour holds equity stakes in other Group operating companies located in the United States.

PB FINELECTRIC BV (NETHERLANDS)

PB Finelectric BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of PB Finelectric BV is to take equity stakes in other companies. PB Finelectric BV was formed and entered the Group's scope on December 19, 1991. PB Finelectric BV is 75% owned by Bticino SpA with the remaining 25% held by Legrand France.

THE WIREMOLD COMPANY (UNITED STATES)

The Wiremold Company is incorporated under US law, registered in Connecticut and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of The Wiremold Company is the design, manufacture and marketing of cable trays. Wiremold Company was formed on December 24, 1919 and entered the Group's scope on January 8, 2000. Wiremold Company is wholly owned by Legrand Holding Inc.

10.2 - SHARE CAPITAL

Unless otherwise indicated, the information presented in this section is dated December 31, 2013.

10.2.1 - Subscribed share capital and share capital authorized but not issued

Taken into account the number of shares as at December 31, 2013, the Company's share capital amounts to €1,062,362,068, divided into 265,590,517 shares with a nominal value of €4 each.

The Company's shares are fully paid up and all of the same class. The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable laws and regulations.

10.2.1.1 DELEGATIONS AND FINANCIAL AUTHORIZATIONS CURRENTLY IN FORCE

At the date of this Registration Document, the Company's Board of Directors was granted with the following financial authorizations by the shareholders at the Shareholders' General Meetings held on May 25, 2012 and May 24, 2013:

Authorizations and delegations granted by the Shareholders' General Meeting	Duration of the delegation Expiration date	Terms and conditions of the delegation	Use of the delegation during the 2013 financial year
		Shareholders' General Meeting of May 25, 2012	
Issue of shares or securities providing access to equity or debt securities, with preferred subscription rights maintained (resolution 12)	26 months July 25, 2014	Total nominal amount of capital increases pursuant to this authorization: may not exceed €500 million (this amount is included in the overall nominal limit for capital increases by issue of shares or securities giving access to equity of €500 million – the **"Overall Capital Increase Limit"**) Overall nominal amount of bonds and other debt securities likely to be issued pursuant to the delegation: may not exceed €3 billion (this amount is included in the overall limit for debt securities of €3 billion – the **"Overall Debt Securities Limit"**)	Nil.
Issues of shares or securities providing access to equity or debt securities, by means of public offers with preferred subscription rights waived (resolution 13)	26 months July 25, 2014	Total nominal amount of capital increases pursuant to this authorization: may not exceed €105 million (this amount is included in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €650 million (this amount is included in the Overall Debt Securities Limit)	Nil.
Issues of shares or securities providing access to equity or debt securities, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code (private placement), with preferred subscription rights waived (resolution 14)	26 months July 25, 2014	Total nominal amount of capital increases pursuant to this authorization: may not exceed neither €105 million, nor the statutory limit, i.e. 20% of the Company's share capital (this nominal amount is included in the nominal limit of €105 million in resolution 13 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €650 million (this total nominal amount is included in the limit of €650 million in resolution 13 and in the Overall Debt Securities Limit)	Nil.
Increase in the issue amounts, made with preferred subscription rights maintained or waived in the event of excess demand (resolution 15)	26 months July 25, 2014	Deadline: within 30 days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided under resolutions 12, 13 or 14	Nil.
Capital increase by incorporation of reserves, profits, premiums (resolution 17)	26 months July 25, 2014	Total nominal amount of capital increases pursuant to this authorization: may not exceed €100 million, it being specified that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Shareholders' General Meeting of 05/25/2012	Nil.
Issue of shares or securities giving access to share capital as consideration for contributions in kind to the Company (resolution 19)	26 months July 25, 2014	Limit: 10% of the share capital at the issue date Total nominal amount of capital increases pursuant to this authorization: included in the nominal limit of €105 million set by resolution 13 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to the delegation: may not exceed €650 million (this total nominal amount is included in the limit of €650 million set by resolution 13 and in the Overall Debt Securities Limit)	Nil.

Authorizations and delegations granted by the Shareholders' General Meeting	Duration of the delegation Expiration date	Terms and conditions of the delegation	Use of the delegation during the 2013 financial year
		Shareholders' General Meeting of May 24, 2013	
Authorization for the purpose of allowing the Company to trade its own shares (resolution 6)	18 months November 24, 2014	Limit: 10% of the share capital at 05/24/2013 Maximum amount allocated: €500 million Maximum purchase price per share: €60	€40.68 million
Authorization for the purpose of reducing the share capital by cancellation of shares (resolution 7)	26 months July 24, 2015	Limit: 10% of the share capital at 05/24/2013	Nil.
Authorization for the purpose of granting one or more allotments of stock options to employees and/or executive directors (resolution 8)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the options granted pursuant to this authorization and the shares granted pursuant to resolution 9	Nil.
Authorization for the free allotment of existing or new shares to employees and/or executive directors (resolution 9)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the free shares allotted pursuant to this authorization and the options granted pursuant to resolution 8	Nil.
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (Resolution 10)	26 months July 24, 2015	Total nominal amount of capital increases pursuant to this authorization: cannot exceed €25 million (this amount is included in the Overall Capital Increase Amount)	Nil.

10.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' GENERAL MEETING OF MAY 27, 2014

At the Shareholders' General Meeting to be held on May 27, 2014, shareholders will be asked to renew the following authorizations and financial delegations (see the draft resolutions shown in Appendix 4 of this Registration Document):

Authorization/delegation concerned	Duration and expiry date	Terms and conditions of the delegation Maximum nominal amount
Authorization for the purpose of allowing the Company to trade its own shares (resolution 10)	18 months November 27, 2015	Limit: 10% of the share capital at 05/27/2014 Maximum amount allocated: €500 million Maximum purchase price per share: €60
Authorization for the purpose of reducing the share capital by cancellation of shares (resolution 11)	26 months July 27, 2016	Limit: 10% of the share capital at May 27, 2014
Issue of shares or securities providing access to equity or debt securities, with preferred subscription rights maintained (resolution 12)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this authorization: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases by issue of shares or securities giving access to equity of €200 million – (the **"Overall Capital Increase Limit"**) Overall nominal amount of bonds and other debt securities likely to be issued pursuant to the delegation: may not exceed €2 billion (this amount is included in the overall limit for debt securities of €2 billion – (the **"Overall Debt Securities Limit"**)

Authorization/delegation concerned	Duration and expiry date	Terms and conditions of the delegation Maximum nominal amount
Issues of shares or securities providing access to equity or debt securities, by means of public offers, with preferred subscription rights waived (resolution 13)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this authorization: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million in resolution 14 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €1 billion (this amount is included in the limit of €1 billion in resolution 14 and in the Overall Debt Securities Limit)
Issues of shares or securities providing access to equity or debt securities, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code (private placement), with preferred subscription rights waived (resolution 14)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this authorization: may not exceed neither €100 million, nor the statutory limit, i.e. 20% of the Company's share capital (this nominal amount is included in the nominal limit of €100 million in resolution 13 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion in resolution 13 and in the Overall Debt Securities Limit)
Increase in the issue amounts, made with preferred subscription rights maintained or waived in the event of excess demand (resolution 15)	26 months July 27, 2016	Deadline: within 30 days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided under resolutions 12, 13 or 14
Capital increase by incorporation of reserves, profits, premiums, or other items (resolution 16)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this authorization: may not exceed €100 million, it being specified that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Shareholders' General Meeting of 05/27/2014
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (Resolution 17)	26 months July 27, 2016	Total nominal amount of capital increases pursuant to this authorization: cannot exceed €25 million (this amount is included in the nominal limit of €100 million set by resolutions 13 and 14 and in the Overall Capital Increase Limit)
Issue of shares or securities giving access to share capital as consideration for contributions in kind to the Company, with preferred subscription rights waived (resolution 18)	26 months July 27, 2016	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this authorization: included in the nominal limit of €100 million set by resolutions 13 and 14 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to the delegation: may not exceed €500 million (this total nominal amount is included in the limit of €1 billion set by resolutions 13 and 14 and in the Overall Debt Securities Limit)

10.2.2 - Acquisition by the Company of its own shares

10.2.2.1 CURRENT SHARE BUYBACK PROGRAM

Use of the authorization granted at the Shareholders' General Meeting on May 24, 2013

On May 24, 2013, the Company implemented a share buyback program pursuant to the authorization described below and granted to the Board of Directors at the Shareholders' General Meeting on May 24, 2013:

Transaction	Duration of authorization and expiration date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (resolution 6)	18 months November 24, 2014	500	10% of the Company's share capital at May 24, 2013
Cancellation of the shares so purchased, and capital reduction (resolution 7)	26 months July 24, 2015		10% of the Company's share capital at May 24, 2013, per 24-month period

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs.

In the course of 2013, the Company purchased a total of 1,547,383 shares of stock at a total cost of €57,767,102 (with (i) €17,087,854 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 25, 2012 and (ii) €40,679,248 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 24, 2013) and sold 1,539,883 shares for a total of €57,839,492, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) and were approved by the French Financial Markets Authority (*Autorité des marchés financiers*) in its decision of March 22, 2005.

At December 31, 2013, the balance on the liquidity contract stood at 107,500 shares.

In addition, in the first quarter of 2013, the Company bought back 860,000 shares for a total of €30,065,041, and transferred 848,557 shares to employees under performance share plans. Trading costs amounted to €90,022.

At December 31, 2013, the Company held 170,527 shares with a nominal value of €4 each, for a total of €682,108 or 0.06% of capital stock. Valued at cost at the time of purchase, these shares totalled €5,857,912.

Description of the current share buyback program

The full current share buyback program is available on the Company's website (www.legrand.com).

10.2.2.2 NEW SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR APPROVAL AT THE SHAREHOLDERS' GENERAL MEETING

The draft resolutions adopted by the Company's Board of Directors on March 5, 2014 for submission to shareholders at the Shareholders' General Meeting on May 27, 2014 provide for the renewal of (i) the authorization to purchase Company's shares with upper limits of 10% of the share capital and €500 million, and at the maximum purchase price of €60 per share, and (ii) the authorization to cancel treasury shares, subject to the upper limit of 10% of the share capital in any 24-month period.

Draft resolutions are reproduced in Appendix 4 of this Registration Document.

10.2.3 - Other securities providing access to equity

At the date of registration of this Registration Document, there are no securities other than shares providing access to the Company's share capital.

10.2.4 - Changes in the share capital

During 2013 financial year, the value of the Company's share capital increased by €4,862,568 due to the issue of 1,215,642 shares following the exercise of stock options.

Changes in the share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Incorporation	12/22/1998	40,000	40,000	-	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	-	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and decrease in the number of shares	02/24/2006	569,513,175	-	-	759,350,900	189,837,725	4
Capital increase by way of a public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved for GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	05/02/2006	2,303,439	9,213,756	36,279,164*	1,078,773,504	269,693,376	4
Recognition of capital increase following exercise of stock options	11/07/2007	1,282,363	5,129,452	-	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase following exercise of stock options	11/05/2008	977,784	3,911,136	-	1,051,260,512	262,815,128	4
Recognition of capital increase following exercise of stock options	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase following exercise of stock options	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase following exercise of stock options	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on vesting of performance shares	03/30/2011	120,635	482,540	-	1,053,127,924	263,281,981	4
Recognition of capital increase following exercise of stock options	02/08/2012	107,014**	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase following exercise of stock options	02/13/2013	985,880***	3,943,520	17,963,560	1,057,499,500	264,374,875	4
Recognition of capital increase following exercise of stock options	02/12/2014	1,215,642****	4,862,568	18,523,223	1,062,362,068	265,590,517	4

* *The amount of the discount, i.e. €9.1 million, was accounted for as other operating expenses in the financial statements presented in accordance with IFRS.*

** *These 107,014 new shares were actually issued in 2011 following the exercise of options for the subscription of shares, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.*

*** *These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.*

**** *These 1,215,642 new shares were actually issued in 2013 following the exercise of options for the subscription of shares.*

10.2.5 - Pledges, guarantees and security interests

At the date this Registration Document was filed, and to the Company's knowledge, no pledges, guarantees, or securities had been granted on the Company's shares.

10.2.6 - Number of voting rights

Attention is drawn to the fact that the double voting rights mechanism described in section 10.3.3 of this Registration Document has applied since February 24, 2008.

At December 31, 2013, the Company's share capital consisted of 265,590,517 shares, to which 277,055,147 exercisable voting rights were attached.

10.3 - MEMORANDUM AND ARTICLES OF ASSOCIATION

10.3.1 - Corporate purpose

The Company's direct or indirect corporate purpose in all countries, as defined in Article 2 of the Articles of Association, is as follows:

- the purchase, subscription, disposal, holding, or contribution of shares or other securities in any company;
- providing any service in connection with, inter alia, Human Resources, IT, management, communications, finance, legal affairs, marketing and purchasing to its subsidiaries and to companies in which it has a direct or indirect interest;
- and, in general, all financial, commercial, industrial, civil, real estate or movable asset transactions that may be directly or indirectly connected with the above corporate purpose, or with any similar or related purposes, or that are likely to support the goal pursued by the Company, its growth, its development, and its corporate assets, either directly or indirectly.

10.3.2 - Administration and management

For a description of the rules governing the composition, the organization, and the operation of the Company's administrative and management bodies, readers are invited to refer to chapter 7 of this Registration Document (Corporate governance).

10.3.3 - Rights, privileges, and restrictions attached to the shares

Company shares are freely negotiable and are transferred from account to account in accordance with applicable legislation and regulations.

Subject to the legal and regulatory provisions applicable, each member of the Shareholders' General Meeting is entitled to the same number of votes as the number of shares that they own or represent.

However a voting right that is the double of the right attached to other shares, in proportion to the share of capital represented, is awarded to all fully-paid shares where it is shown that they have been held on a registered account in the same owner's name for at least two years, from February 24, 2006 onwards.

In addition, in the event of a capital increase through incorporation of reserves, profits, or issue premiums, the double voting right is attached, on issue, to the registered shares allocated free of charge to a shareholder, on the basis of the old shares that entitle them to this right.

Any shares converted from registered to bearer form, or transferred to another owner, cease to carry double voting rights. However, the transfer of ownership resulting from an inheritance, the dissolution of spouses' joint property, or an *intra vivos* gift for the benefit of a spouse or relative entitled to inherit, shall not result in the loss of the right earned, and shall not interrupt the two-year period.

The merger or division of the Company has no effect on double voting rights, which may be exercised within the successor company or companies, provided that this is allowable under these companies' articles of association.

Where any new shares are not fully paid up on issuance, the demands for payment at the dates determined by the Board of Directors will be made by way of notices inserted, two weeks prior to the demand for payment, in one of the official gazettes (*journaux d'annonces légales*) published in the place where the registered office is located, or will be sent by registered mail with acknowledgment of receipt. Every payment on a subscribed share will be recorded by an entry on the registered account opened in the name of the subscriber. All late payments shall automatically bear interest in favor of the Company, starting from the date payment was due, without formal notice or application to a court, at the legal interest rate, notwithstanding any individual proceedings the Company may initiate against the shareholder at fault, and the forced execution measures provided for in law.

Each share grants the right to ownership of the corporate assets, to the distribution of profits, and to the liquidation premium, subject to the creation of preferred shares.

The shares are indivisible with regard to the Company, which only recognizes one owner for each share. Joint and several owners are required to be represented to the Company by a single representative. In the event of the division of share ownership, the voting rights attached to shares belong to the beneficiary at Ordinary General Meetings of Shareholders, and to the bare owner at Extraordinary General Meetings of Shareholders.

The heirs, creditors, trustees, and assigns of a shareholder may not place liens on the property or securities of the Company, nor request their division, nor interfere in the administration of the Company in any way on any grounds whatsoever.

To exercise their rights, they are required to refer to the corporate records and to the decisions of the Shareholders' General Meeting.

Whenever more than one share is required to exercise a particular right, specifically in the event of the exchange or allocation of securities as part of a transaction like a consolidation, or an increase or decrease in the share capital, either on a cash basis or *via* the incorporation of reserves, or of a merger or any other transaction, single shares or an amount of shares that is lower than the one required do not entitle their owner to any rights over the Company. In this case, shareholders shall take personal responsibility for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the breakdown of its shareholders under the conditions specified in law. In this respect, the Company may avail itself of all the legal provisions provided for the identification of the holders of shares conferring immediate or future voting rights at the Company's Shareholder Meetings.

10.3.4 - Amendment of the rights attached to shares

Inasmuch as the Company's articles of association do not provide for any specific provisions, any amendment of the rights attached to shares is subject only to the provisions in law.

10.3.5 - General meetings

PARTICIPATION AT GENERAL MEETINGS

The following rules are drawn from the Articles of Association in force at the date this Registration Document was filed.

Subject to legal and regulatory restrictions, any shareholder has the right to attend General Meetings, and to participate in deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to participate in the Company's General Meetings, either personally or through a proxy, is established by an accounting entry for the shares in the name of the holder or the intermediary registered on the shareholder's behalf (under the conditions provided for in law) no later than 00:00 hours, Paris time, on the third business day before the Shareholders' General Meeting:

- for registered shareholders: in the registered securities accounts kept by the Company;
- for bearer shareholders: in the bearer securities accounts held by the authorized intermediary, under the conditions provided by the regulations in force.

Any shareholder wishing to vote by post or by proxy must have delivered a proxy form, a postal vote, or a similar single document to the Company's registered office, or to any other address indicated on the notice of meeting, at least three days prior to the date of the General Meeting. The Board of Directors may set a later deadline for any Shareholders' General Meeting by means of a general measure in favor of all shareholders. Upon decision of the Board of Directors referred to in the notice of meeting, shareholders may, under the conditions and within the timeframe determined in law and by the regulations, send their postal vote and proxy form by any remote transmission means, including electronic communications, that allow their identification and whose nature and conditions are determined by current legislation.

CONVENING OF GENERAL MEETINGS

General Meetings are convened under the conditions determined in law. Meetings are held at the registered office or at any other location in France or abroad, specified in the notice of meeting.

CONDUCT OF GENERAL MEETINGS

General Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or by a Director specifically appointed for this purpose by the Board of Directors. Otherwise, the Meeting elects its own Chairman.

Any shareholder may, if the Board of Directors allows them to do so in the notice of meeting, participate in this Meeting via videoconference or other electronic means of telecommunications or transmission, under the conditions determined by the legislation or the regulations in force. Such shareholders are then deemed present for the calculation of the quorum and majority.

An attendance sheet is kept for each meeting as required by law.

DELIBERATIONS AND POWERS OF SHAREHOLDERS' GENERAL MEETINGS

The Ordinary and Extraordinary General Meetings of Shareholders, sitting under the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

10.3.6 - Provisions of a nature to delay, defer, or prevent a change of control

The Company's articles of association contain no provisions of a nature to delay, defer, or prevent a change of control.

10.3.7 - Crossing of statutory thresholds

In addition to the legal provisions applicable in this area, any natural or legal person who comes to hold, directly or indirectly (including through a company controlled according to the meaning of Article L. 233-3 of the French Commercial Code) 2% of the Company's share capital or voting rights (the total number of voting rights to be used as the denominator is calculated on the basis of all the shares to which voting rights are attached, including shares where the voting rights have been suspended), acting alone or in concert, and in any way whatsoever, must inform the Company of this fact by registered letter with a request for acknowledgment of receipt addressed to the registered office, within a period of four trading days from the date the threshold is crossed, independently of the date the shares might have been registered in any account, and must specify the total number of shares and securities giving access to the share capital, and the number of voting rights that they hold, directly or indirectly, acting alone or in concert. Notice must be given in the same manner and within the same timeframe when a holding falls below this 2% threshold.

Above this 2% threshold, disclosure must be made in the same manner when a threshold of 1% in the share capital or voting rights is crossed in either direction, under the conditions and in accordance with the procedures specified above.

In the event of non-compliance with the information obligations set out above, and at the request of one or several shareholders owning at least 1% of the share capital or voting rights, which request shall be recorded in the minutes of a General Meeting, the shares in excess of the amount that should have been declared shall be stripped of their voting rights, and the shareholder at fault shall be able neither to exercise nor delegate these rights for any Shareholders' General Meeting held until the expiry of a two-year period following the date when notice was properly served.

10.3.8 - Changes to the share capital

The Company's share capital may be increased or reduced under the conditions determined in law and by the regulations. The Extraordinary General Meeting of Shareholders may also decide to carry out stock splits or reverse splits.

CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE – ANNUAL FINANCIAL REPORT (ARTICLE 222-3 OF THE FRENCH FINANCIAL MARKETS AUTHORITY (*AUTORITÉ DES MARCHÉS FINANCIERS*) GENERAL REGULATIONS)

General Regulations of the French Financial Markets Authority (Autorité des Marchés Financiers) - Article 222-3		Annual Financial Report	
No.	**Item**	**Reference**	**Page(s)**
I.1	Annual financial statements	Appendix 1	272-286
I.2	Consolidated financial statements prepared in accordance with Regulation (EC) 1606/2002 of July 19, 2002, on the application of international accounting standards	Chapter 9	189-250
I.3	Management Report containing at least the information referred to in Articles L. 225-100, L. 255-100-3 and the second sub-paragraph of Article L. 225-211 of the French Commercial Code	Appendix 2	287-297
	Management Report containing information referred to in Article L. 225-100-2 of the French Commercial Code	Chapter 6	121-138
I.4	Statement made by the natural persons taking responsibility for the Annual Financial Report	1.1	4
I.5	Statutory Auditors' reports on the annual financial statements	Appendix 3	298-299
	Statutory Auditors' Report on the consolidated financial statements	9.2	243-244

CROSS-REFERENCE TABLE – EUROPEAN COMMISSION REGULATION (EC) 809/2004 OF APRIL 29, 2004

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
1	**Persons responsible**		
1.1	Persons responsible for the information given in the Registration Document	1.1.1	4
1.2	Declaration of the persons responsible for the Registration Document	1.1.2	4
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's Statutory Auditors	1.2.1 and 1.2.2	5
2.2	Statutory Auditors having resigned, been removed or not been re-appointed during the period covered	N/A	-
3	**Selected financial information**		
3.1	Selected historical financial information	Chapter 2	7-10
3.2	Selected financial information for interim periods	N/A	-
4	**Risk factors**	**Chapter 4**	**31-50**
5	**Information about the issuer**		
5.1	**History and development of the Company**		
5.1.1	Legal and commercial name of the issuer	10.1.1	252
5.1.2	Place of registration of the issuer and its registration number	10.1.2	252
5.1.3	Date of incorporation and duration of the issuer	10.1.3	252

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
5.1.4	Registered office and legal form of the issuer, the legislation under which the issuer operates, its country of origin, and the address and telephone number of its registered office	10.1.4 and 10.1.5	252
5.1.5	Important events in the development of the issuer's business	3.1.2	15
5.2	**Capital expenditure**		
5.2.1	Description of the issuer's principal investments for each fiscal year for the period covered by the historical financial information up to the date of the Registration Document	6.6, 9.8.1 and 9.8.2	133, 248-249
5.2.2	Description of the issuer's principal current investments	9.8.3	249
5.2.3	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments	9.8.4	249
6	**Business overview**		
6.1	Main activities		
6.1.1	Nature of the issuer's operations and its principal activities	3.1	12-15
6.1.2	Significant new products or services launched	3.1.1.2	14-15
6.2	Principal markets	3.1 and 3.2.2	12-15, 16-17
6.3	Exceptional events that have influenced information given in accordance with items 6.1 and 6.2	N/A	-
6.4	The issuer's level of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	3.2.2.3, 3.2.3.1.4 and 3.4.1	17, 18 and 26
6.5	Basis for any statements made by the issuer regarding its competitive position	3.2.2	16-17
7	**Organizational structure**		
7.1	Description of the Group and the issuer's position	10.1.6 and 10.1.7	253-255
7.2	List of the issuer's significant subsidiaries	10.1.6 and 10.1.7, 9.1.6 (Note 26)	253-255 and 242
8	**Property, premises and equipment**		
8.1	Significant existing or planned property, plant and equipment	3.4.2	26-28
8.2	Environmental issues that may affect the issuer's utilization of property, plant and equipment	4.1 and 5.3	32-33 and 80-93
9	**Review of the financial position and results**		
9.1	Financial position of the issuer, change in financial position and profit or loss from transactions in each fiscal year and interim period for which historical financial information is required	6.3 and 6.4	123-131
9.2	Operating income		
9.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's operating income	6.3 and 6.4	123-131
9.2.2	Reasons for material changes in net sales or revenues	6.3 and 6.4	123-131
9.2.3	Governmental, economic, fiscal, monetary or political strategies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	3.2, chapter 4, 6.9 and 6.10	16-20, 31-50, 134-135
10	**Cash and capital resources**		
10.1	Information concerning the issuer's capital resources	6.5	132-133
10.2	Sources, amounts and description of the issuer's cash flows	6.5.1 and 9.1.4	132, 194
10.3	Information on the issuer's borrowing conditions and financing structure	6.5.2	133

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	6.5	132-133
10.5	Information regarding the anticipated sources of funds needed to fulfill the commitments referred to in items 5.2.3 and 8.1	N/A	-
11	**Research and development, patents and licenses**	**3.2.3.1, 6.3.2.4 and 6.4.4**	**18, 125 and 129-130**
12	**Trend information**		
12.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year to the date of the Registration Document	6.13	136
12.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current fiscal year	N/A	-
13	**Profit forecasts or estimates**		
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A	-
13.2	Report prepared by independent accountants or Statutory Auditors	N/A	-
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information	N/A	-
13.4	Statement setting out whether or not profit forecast is still correct as at the time of the Registration Document, and, if it is not, an explanation of why such forecast is no longer valid	N/A	-
14	**Administrative, Management, and Supervisory bodies and Senior Management**		
14.1	Name, business address, function and main activities outside the issuing company of (a) members of the administrative, management or supervisory bodies, (b) partners with unlimited liability, in the case of a company limited by shares,	7.1.1 and Appendix 3 to the management report	140-156, 295-297
	(c) founders, for a company formed fewer than five years previously and (d) corporate officers whose name can be given to prove that the issuing company has sufficient expertise and the experience to manage its own affairs. The nature of any family relationship between any of those persons. For each member of the administrative, management or supervisory bodies and for each person mentioned in points (b) and (d), details of that person's relevant management expertise and experience and		
	(a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, (b) any convictions in relation to fraudulent offenses for at least the previous five years, (c) details of any bankruptcies, receiverships or liquidations for at least the previous five years and, (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. Statement that no information should be disclosed		
14.2	Administrative, Management, and Supervisory bodies and Senior Management conflicts of interest	7.1.1.2	153
15	**Remuneration and benefits**		
15.1	Remuneration paid and benefits in kind granted by the issuer and its subsidiaries	7.2	164-178
15.2	Total set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	9.1.6 (note 23)	236
16	**Functioning of the Board and senior management**		
16.1	Expiration date of the current term of office, and the period during which the person served in that office	7.1.1	140-156

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
16.2	Information about service contracts binding members of the administrative, management or supervisory bodies to the issuer or any of its subsidiaries, which provide for benefits, or an appropriate negative statement	7.1.4	163
16.3	Information about the issuer's Audit Committee and Compensation Committee	7.1.2	156-162
16.4	Statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime	7.1.	140
17	**Employees**		
17.1	The number of employees at the end of the period or the average for each fiscal year for the period covered by the historical financial information and distribution by main activity and by site	5.4.4.2	111-115
17.2	Shareholdings and stock options	7.1.1, 7.2.2.1 and 8.2	140-156, 170-174, 183-184
17.3	Agreements stipulating an employee stake in the issuer's equity	8.2 and 8.3, 5.2.1.1	183-185, 63-74
18	**Principal shareholders**		
18.1	The name of any person who is not a member of the Administrative, Management or Supervisory bodies who, directly or indirectly, holds a percentage of the issuer's share capital or voting rights which is notifiable under the issuer's national law, together with the amount of each person's stake or, if there are no such persons, an appropriate negative statement	8.1.2	180-181
18.2	Different voting rights, or an appropriate negative statement	10.3.3	261-262
18.3	Direct or indirect ownership or control of the issuer	8.1	180-182
18.4	Description of any arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	8.1.5	182
19	**Related party transactions**	**8.4**	**186**
20	**Financial information concerning the issuer's assets, financial position and profits and losses**		
20.1	Historical financial information	9.1	190-242
20.2	Pro forma financial information	N/A	-
20.3	Financial statements	9.1	190-242
20.4	Auditing of historical annual financial information		
20.4.1	Statement that the historical financial information has been audited	9.2	243-244
20.4.2	Other information in the Registration Document which has been reviewed by the Statutory Auditors	N/A	-
20.4.3	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited	N/A	-
20.5	Date of latest audited financial information (fiscal year ended December 31, 2013)	9.1	190-242
20.6	Interim and other financial information		
20.6.1	Quarterly or half-yearly financial information published since the date of the last financial statements and (if applicable) the audit or review report	N/A	-
20.6.2	Interim financial information, which may be unaudited, covering at least the first six months of the financial year if the Registration Document is dated more than nine months after the end of the last audited financial year	N/A	-
20.7	Dividend policy	9.4	246

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
20.7.1	Dividend per share	9.1.6 (note 11) and 9.4	215 and 246
20.8	Legal and arbitration proceedings	9.5	247
20.9	Significant change in financial or trading position	9.6	247
21	**Additional information**		
21.1	Share capital		
21.1.1	Subscribed capital, number of shares authorized, number of shares issued and fully paid and issued but not fully paid, nominal value per share and reconciliation of the number of shares issued and outstanding at the beginning and end of the fiscal year	10.2.1	255-258
21.1.2	Shares not representing capital	N/A	-
21.1.3	Number, carrying value and face value of shares held by the issuer, on its behalf or by its subsidiaries	10.2.2	259
21.1.4	Convertible securities, exchangeable securities or securities with warrants	8.2 and 8.3	183-185
21.1.5	Information about and terms of any acquisition rights and or obligations oversubscribed but unpaid capital or an undertaking to increase the capital	8.2	183-184
21.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	-
21.1.7	History of share capital for the period covered by the historical financial information	10.2.4	260
21.2	Memorandum and articles of association		
21.2.1	Corporate purpose	10.3.1	261
21.2.2	Members of Administrative, Management and Supervisory bodies	7.1	141
21.2.3	Rights, preferences and restrictions attached to each class of existing shares	10.3.3	261-262
21.2.4	Action necessary to change shareholder rights	10.3.4	262
21.2.5	Conditions governing the manner in which Ordinary and Extraordinary General Meetings of Shareholders are called, including the conditions of admission	10.3.5	263
21.2.6	Provisions of the issuer's Articles of Association, statutes, charter or bylaws that would have the effect of delaying, deferring or preventing a change in its control	10.3.6	263
21.2.7	Provisions of the articles of association, statutes, charter or bylaws, if any, governing the ownership threshold above which shareholder ownership must be disclosed	10.3.7	264
21.2.8	Conditions imposed by the memorandum and Articles of Association, charter or bylaw governing changes in equity, where such conditions are more stringent than required by law	10.3.8	264
22	**Material agreements**	**9.7**	**247**
23	**Third party information and statement by experts and declarations of interest**		
23.1	Information relating to the experts having drawn up a statement or report	N/A	-
23.2	Confirmation that information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading	N/A	-
24	**Documents available to the public**	**1.3.2**	**6**
25	**Information on holdings**	**10.1.7**	**253-255**

APPENDIX A

APPENDIX 1

Annual accounts of Legrand SA for the financial year ended December 31, 2013 (Company's accounts)

Statement of income

(in € thousands)	December 31, 2013	December 31, 2012
Operating income		
Revenue	22,821	18,475
Other operating income	1,150	1,612
TOTAL OPERATING INCOME	**23,971**	**20,087**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(5,040)	(7,051)
Taxes other than on income	(550)	(331)
Employee benefits expense	(14,570)	(10,793)
Amortization and provision expense	(3,299)	(1,885)
TOTAL OPERATING EXPENSES	**(23,459)**	**(20,060)**
Operating profit	**512**	**27**
Financial income		
Dividend income	249,851	115,316
Interest income from marketable securities, and receivables, net	0	674
Net gains on disposal of non-current assets	0	0
Exchange gains	1	4
TOTAL FINANCIAL INCOME	**249,852**	**115,994**
Financial expense		
Amortization and provision expense	(671)	(630)
Exchange losses	(6)	0
Finance costs and other	(45,056)	(43,182)
TOTAL FINANCIAL EXPENSE	**(45,733)**	**(43,812)**
Financial income and expense, net	**204,119**	**72,182**
Recurring profit before tax	**204,631**	**72,209**
Non-recurring income and expense, net	**(866)**	**574**
Profit before tax and employee profit-sharing	**203,765**	**72,783**
Employee profit-sharing	(79)	(76)
Income tax benefit	7,388	14,025
PROFIT FOR THE PERIOD	**211,074**	**86,732**

The accompanying Notes are an integral part of these financial statements.

Legrand SA's Balance sheet

Assets

(in € thousands)	December 31, 2013	December 31, 2012
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,791,487	3,790,091
TOTAL NON-CURRENT ASSETS	**3,791,487**	**3,790,091**
Current assets		
Inventories	0	0
Receivables	33,202	37,939
Other current assets	0	0
Marketable securities	1,572	1,209
Cash	0	659
TOTAL CURRENT ASSETS	**34,774**	**39,807**
Accruals	**6,817**	**8,623**
TOTAL ASSETS	**3,833,078**	**3,838,521**

The accompanying Notes are an integral part of these financial statements.

Liabilities and equity

(in € thousands)	December 31, 2013	December 31, 2012
Equity		
Share capital	1,062,362	1,057,500
Additional paid-in capital, reserves and retained earnings	1,275,582	1,435,641
Profit for the period	211,074	86,732
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,549,018**	**2,579,873**
Provisions	**4,421**	**2,332**
Debt		
Other debt	1,246,161	1,221,449
TOTAL DEBT	**1,246,161**	**1,221,449**
Other liabilities	33,478	34,867
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**3,833,078**	**3,838,521**

The accompanying Notes are an integral part of these financial statements.

Statement of cash flows

(in € thousands)	December 31, 2013	December 31, 2012
Cash and cash equivalents at the beginning of the period	**657**	**(48)**
Profit for the period	211,074	86,732
Adjustments to reconcile profit for the period to net cash provided by operating activities:		
Amortization and provision expense	3,795	(2,716)
Other	0	0
CASH FLOW	**214,869**	**84,016**
Cash flows from changes in operating assets and liabilities:		
Trade and other receivables (including group relief receivables)	4,737	(16,582)
Trade and other payables (including group relief payables)	(1,390)	26,372
Other operating assets and liabilities	(42)	(3,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**218,174**	**90,618**
Proceeds from the sale of assets	0	0
Investments:		
Acquisitions of intangible assets	0	0
Acquisitions of investments, net	6	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	**6**	**0**
Capital increases (reductions)	23,385	21,907
Share buybacks and transactions under the liquidity contract	(1,806)	3,793
Dividends paid	(265,131)	(245,008)
Net (decrease) increase in borrowings (including intra-group loans and borrowings)	24,710	129,395
NET CASH PROVIDED BY FINANCING ACTIVITIES	**(218,842)**	**(89,913)**
Net change in cash and cash equivalents	**(662)**	**705**
Cash and cash equivalents at the end of the period	**(5)**	**657**

The accompanying Notes are an integral part of these financial statements.

Notes to the financial statements

Detailed table of contents

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over 3 years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under "Excess tax amortization".

1.3 SHARES IN SUBSIDIARIES AND AFFILIATES

Investments in subsidiaries and affiliates are stated at the lower of cost and fair value.

Fair value is determined by reference to Legrand's equity in the investee's revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 SHARE BUYBACKS AND LIQUIDITY CONTRACT

1.4.1 Accounting registration

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d'urgence du Conseil national de la comptabilité*), based on the purpose for which they were purchased.

- Shares acquired specifically for allocation to employees are classified as treasury shares under marketable securities and those purchased for cancellation or for any other purpose are classified as "treasury shares held for cancellation" or "treasury shares" under other investments.
- Shares purchased in connection with a liquidity contract are also recorded as treasury shares under other investments, and cash and short-term investments held in the liquidity account are classified as "Other long-term receivables" within other investments.

1.4.2 Impairment of treasury shares

Treasury shares held for cancellation are stated at cost.

Treasury shares held for other purposes are stated at the lower of cost and fair value, with fair value corresponding to the average share price for the last month of the fiscal year.

The loss incurred when treasury shares are sold to employees is recorded under non-recurring expense.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares on the share purchase date, to cover the difference between the price of performance shares and stock options granted to employees and the shares' carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the plan concerned.

In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

1.5 MARKETABLE SECURITIES

This item includes Legrand shares purchased for allocation to employees as described in Note 1.4 above.

1.6 RECEIVABLES AND PAYABLES

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 FOREIGN CURRENCY RECEIVABLES AND PAYABLES

Foreign currency receivables and payables are converted into euros at the exchange rate on the balance sheet date.

1.8 DEFERRED CHARGES

Deferred charges correspond to debt issuance costs, which are written off to the income statement over the life of the debt.

1.9 BOND REDEMPTION PREMIUMS

The redemption premium reported in the balance sheet corresponds to the 2010, 2011 and 2012 bond issues, described in Note 8.1.2 below. It is being amortized over the life of the issues.

1.10 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS IN FRANCE

Legrand employees receive a statutory length-of-service award on retirement, calculated at the rates specified in the collective bargaining agreements applicable to the electrical manufacturing industry.

The related defined benefit obligation is calculated each year by the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds denominated in euros that have terms to maturity approximating the period to payment of the related benefit liability.

The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets.

The Company has applied French Accounting Standards Board recommendation CNC 2013-02 of November 7, 2013, allowing previously unrecognized past service cost to be recognized in opening equity.

As to actuarial gains and losses, they have not been subject to change in accounting practice and therefore are always recorded directly in the income statement.

Employees in the higher pay brackets are also covered by a supplementary pension plan. The plan provides for the payment of defined benefits corresponding to the theoretical pension rights of the employees concerned on the portion of their salary that exceeds a certain level (the "tranche D" used to calculate graduated Social Security contributions, capped at an amount equivalent to four times the ceiling used for the calculation of Social Security benefits) assuming that they are still on the Company's payroll at retirement.

A provision is booked for the difference between the projected benefits payable to plan participants and the discounted present value of payments made to date.

1.11 PROVISIONS FOR STATUTORY AND DISCRETIONARY PROFIT-SHARING

Legrand's statutory profit-sharing agreement is an "*accord dérogatoire*". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on May 4, 2011 and applies for the calculation of the special statutory profit-sharing reserve for the years 2011 to 2014. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Groupe Arnould, Cofrel, Sarlam, Ura, Planet-Wattohm, Distrasa, ICM Group, Intervox Systems and Legrand Cable Management.

A new discretionary profit-sharing agreement has also been signed, covering the years 2012 to 2014. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 FORWARD PURCHASES AND SALES OF FOREIGN, CURRENCIES

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the balance sheet date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 CASH FLOW STATEMENT

In the cash flow statement, which is presented after the balance sheet in these financial statements, cash and cash equivalents include all financial assets and liabilities that are realizable or payable within three months.

NOTE 2 - ASSETS

2.1 INTANGIBLE ASSETS

December 31, 2013 *(in € thousands)*	Gross value at beginning of period	Additions of the year	Disposals for the year	Gross value at end of period
Software at cost	479	-	-	479
Amortization of software	(479)	-	-	(479)
INTANGIBLE ASSETS, NET	**0**	**0**	**0**	**0**

2.2 INVESTMENTS

December 31, 2013 *(in € thousands)*	Gross value at beginning of period	Changes during the year	Gross value at end of period
Shares in subsidiaries and affiliates			
Legrand France SA	3,773,659	-	3,773,659
	3,773,659	**-**	**3,773,659**
Other investments			
■ Treasury shares held for cancellation	0	-	0
■ Other treasury shares	2,946	1,339	4,285
■ Other long-term receivables	13,480	104	13,584
■ Deposits and guarantees	6	(6)	0
	16,432	**1,443**	**17,869**
Provisions for impairment			
■ Impairment of other treasury shares	0	(41)	(41)
	0	**(41)**	**(41)**
TOTAL INVESTMENTS, NET	**3,790,091**	**1,402**	**3,791,487**

For other treasury shares, changes during the year correspond to purchase net of sales for the period.

2.2.1 Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

2.2.2 Other investments

This item includes shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see Note 1.4).

On May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext Paris market under a liquidity contract complying with the AMAFI Code of Conduct approved by the AMF on March 22, 2005.

As of December 31, 2013, Legrand held 107,500 treasury shares in connection with the liquidity contract, acquired at a cost of €4,285 thousand. A provision for impairment of the shares was recognized at the year-end, in an amount of €41 thousand. Cash and short-term investments held in the liquidity account amounted to €13,584 thousand as of December 31, 2013, recorded under "Other long-term receivables".

Details of shares purchased for allocation to employees are provided in Note 4 on marketable securities.

NOTE 3 - RECEIVABLES

Current receivables are as follows:

December 31, 2013 *(in € thousands)*	Cost	Maturity	
	Net value	Within one year	Beyond one year
Trade account receivables	4,936	4,936	
Recoverable value-added tax	276	276	
Prepaid and recoverable taxes	25,385	25,385	
Group relief receivables	2,605	2,605	
Other receivables	0	0	
TOTAL AT THE END OF THE PERIOD	**33,202**	**33,202**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**37,939**	**37,939**	**0**

NOTE 4 - MARKETABLE SECURITIES

In 2013 and 2012, this item exclusively comprised Legrand shares purchased for allocation to employees.

(in € thousands)	December 31, 2013			December 31, 2012
	Cost	Impairment	Net	Net
Performance share plans	1,449	0	1,449	1,086
Corporate mutual fund	123	0	123	123
TOTAL	**1,572**	**0**	**1,572**	**1,209**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €500 million, are provided in the program description published on May 28, 2012.

As of December 31, 2013, a total of 63,027 shares had been bought back under the program, at a total cost of €1,572 thousand. These shares are being held for the following purposes:

- for allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €123 thousand);
- for allocation to performance share plans (58,106 shares purchased at a cost of €1,449 thousand).

During 2013, a total of 848,557 shares were transferred to employees under the performance share plans described in Note 6.4.1.

NOTE 5 - ACCRUALS AND OTHER ASSETS

(in € thousands)	December 31, 2013	December 31, 2012
Prepaid expenses	74	32
Deferred charges	3,544	4,762
Bond redemption premium	3,199	3,829
TOTAL	**6,817**	**8,623**

NOTE 6 - EQUITY

6.1 SHARE CAPITAL

The following table shows changes in share capital in 2013:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2012	264,374,875	4	1,057,499,500	1,080,489,842
Exercise of options under 2007 plan	413,576	4	1,654,304	8,767,811
Exercise of options under 2008 plan	325,048	4	1,300,192	5,389,296
Exercise of options under 2009 plan	475,212	4	1,900,848	4,333,933
Exercise of options under 2010 plan	1,806	4	7,224	32,183
As of December 31, 2013	265,590,517	4	1,062,362,068	1,099,013,065

Share capital consists exclusively of shares of common stock with a par value of €4.00 each.

The shares purchased by the Company either under share buyback programs or in connection with the liquidity contract do not carry dividend or voting rights.

All other fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights.

In 2013, 1,215,642 shares were issued upon exercise of stock options granted under the 2007 to 2010 plans, resulting in a €4,862 thousand capital increase. The aggregate premium amounted to €18,523 thousand.

6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2013	December 31, 2012
Before appropriation of profit		
Additional paid-in capital	1,099,013	1,080,490
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	87,046	82,709
Other reserves and retained earnings	122,729	305,648
	1,275,582	**1,435,641**

"Other reserves and retained earnings" includes €5,858 thousand in reserves that are not available for distribution as a result of share buybacks.

6.3 CHANGES IN EQUITY

December 31, 2013 *(in € thousands)*	
Equity at the beginning of the period	2,579,873
Movements for the year:	
■ Share capital	4,862
■ Additional paid-in capital	18,523
■ Reserves and retained earnings	(183)
■ Dividends paid	(265,131)
■ Profit for the period	211,074
■ Other	0
Equity at the end of the period before appropriation of profit	**2,549,018**

The Annual Shareholders' Meeting held on May 24, 2013 approved the payment of a total dividend of €265,131 thousand representing €1.00 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 Performance share plans

No performance share plans have been implemented since the 2012 Plan.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2009 Plan(1)	2010 Plan(2)	2011 Plan(3)	2012 Plan(4)
Date approved by shareholders	May 15, 2007	May 15, 2007	May 27, 2010	May 26, 2011
Grant date	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of share rights granted	288,963	896,556	1,592,712	985,656
o/w to Executive Directors	*23,491*	*62,163*	*127,888*	*30,710*
■ *Gilles Schnepp*	*12,075*	*38,373*	*65,737*	*30,710*
■ *Olivier Bazil*	*11,416*	*23,790*	*62,151*	-
End of vesting period	French tax residents: March 5, 2011 Non-residents: March 5, 2013	French tax residents: March 5, 2012 Non-residents: March 5, 2014	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 6, 2013 Non-residents: March 5, 2013	French tax residents: March 6, 2014 Non-residents: March 5, 2014	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of shares acquired as of December 31, 2013	(263,246)	(406,046)	(710,271)	(338)
Number of shares rights cancelled or forfeited	(25,717)	(57,778)	(71,407)	(22,039)
Share rights outstanding at end of period	**0**	**432,732**	**811,034**	**963,279**

(1) **2009 Plan**: *This plan concerns performance share rights granted in 2009 in respect of 2008 performance. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2009 meeting.*

(2) **2010 Plan**: *This plan concerns performance share rights granted in 2010 in respect of 2009 performance. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2010 meeting. The number of rights was deliberately limited, on beneficiaries' suggestion.*

(3) **2011 Plan**: *This plan concerns performance share rights granted in 2011, in respect of 2010 performance. The Board of Directors set the 2010 economic earnings* target for the 2011 Plan at the start of 2010. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 3, 2011 meeting. In addition, starting with the 2011 Plan, a second set of performance conditions decided by the Board of Directors applies to substantially all of the performance shares rights granted to executive directors. They include an external performance condition (consolidated net margin compared with the margins reported by Legrand's peer group over a four-year period) and two internal performance conditions (economic earnings* and economic margin performance over successive four-year periods). In summary, shares granted to executive directors under the 2011 Plan in respect of 2010 are subject to two sets of performance conditions, one applicable at the date of grant and the other at the end of the vesting period.*

(4) **2012 Plan**: *For this plan, which concerns 2011 performance, the Board of Directors set the 2011 economic earnings* target at the start of 2011. At its March 7, 2012 meeting, the Board of Directors granted 30,710 performance share rights to Gilles Schnepp based on actual 2011 economic earnings* compared with the target. In addition, on the recommendation of the Nominations and Compensation Committee, the Board decided to adjust the vesting conditions by setting more challenging performance objectives. If these objectives are not met, some or all of the performance shares may not vest. Based on the new objectives, the shares in the initial grant will not vest in their entirety unless the Company demonstrates an ability to create value over the long term by achieving growth in economic earnings* over the four-year period immediately preceding the vesting date. However, if this first condition is not met, Mr. Schnepp may still retain the right to some of the shares based on a second condition, i.e. whether the Group's economic margin performance exceeded that of the companies in its peer group over the same period.*

* *Adjusted operating profit less the cost of capital employed.*

If all these shares were to vest (*i.e* 2,207,045 shares), the Company's capital would be diluted by 0.8% as of December 31, 2013.

6.4.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

Stock Option Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.20 Average closing price over the 20 trading days preceding the grant date	€20.58 Average closing price over the 20 trading days preceding the grant date	€13.12 Average closing price over the 20 trading days preceding the grant date	€21.82 Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of options exercised as of December 31, 2013	(866,732)	(965,250)	(477,796)	(5,509)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(220,084)
Stock options outstanding at end of period	**663,984**	**928,750**	**600,404**	**3,029,133**

(1) *Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.*

(2) *The 2007 stock options were granted based on the Company's 2006 economic earnings* compared with the target set for that year.*

(3) *The 2008 stock options were granted based on the Company's 2007 economic earnings* compared with the target set for that year.*

(4) *The 2009 stock options were granted based on the Company's 2008 economic earnings* compared with the target set for that year. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its March 4, 2009 meeting.*

(5) *The 2010 stock options were granted based on the Company's 2009 economic earnings* compared with the target set for that year. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options that was determined by the Board of Directors at its March 4, 2010 meeting. The number of options was deliberately limited, on beneficiaries' suggestion.*

* *Adjusted operating profit less the cost of capital employed.*

If all options were to be exercised (*i.e.* 5,222,271 options) the Company's capital would be diluted by a maximum of 2.0% (this is a maximum dilution as it does not take into account the exercise price of the options) as of December 31, 2013.

NOTE 7 - PROVISIONS

December 31, 2013 *(in € thousands)*	At the beginning of the period	Other*	Changes for the year	Reversals for the year	At the end of the period
Pensions and other post-retirement benefit obligations	1,040	183	378	(2)	1,599
Other	1,292	0	1,944	(414)	2,822
Provisions	**2,332**	**183**	**2,322**	**(416)**	**4,421**
Impairment on investments	0				0
Impairment on marketable securities	0				0
Provisions for impairment	**0**	**0**	**0**	**0**	**0**
TOTAL	**2,332**	**183**	**2,322**	**(416)**	**4,421**
Changes to and reversals from provisions recorded under the following income statement captions:					
■ operating income and expense			2,082	(2)	
■ financial income and expense			0	0	
■ non-recurring income and expense			240	(414)	
TOTAL			**2,322**	**(416)**	

* *Corresponding to previously unrecognized past service cost recognized in equity.*

At its meeting on March 6, 2013, the Board of Directors approved the implementation of deferred compensation plans for the Chairman and Chief Executive Officer as well as for other key executives. The compensation is payable after three years, subject to the individual's continued presence in the Company.

In addition, depending on the case, payment of the compensation may be subject to the Group's fulfillment of future financial performance conditions, which may or may not relate to the share price.

A provision of €1,148 thousand was recognized in respect of these plans in the 2013 financial statements.

NOTE 8 - DEBT AND OTHER LIABILITIES

December 31, 2013 *(in € thousands)*	Net value	Maturity: Due within one year	Due in one to five years	Due beyond five years
Bank borrowings with:				
■ original maturities of less than two years	5	5		
■ original maturities of more than two years				
Bonds	1,134,081	34,081	700,000	400,000
Other borrowings	112,075		112,075	
TOTAL DEBT	**1,246,161**	**34,086**	**812,075**	**400,000**
Trade payables	1,812	1,812		
Accrued taxes and employee benefit expense	4,643	4,643		
Other	27,023	27,023		
Deferred revenue	0	0		
TOTAL OTHER LIABILITIES	**33,478**	**33,478**		
TOTAL AT THE END OF THE PERIOD	**1,279,639**	**67,564**	**812,075**	**400,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**1,256,316**	**68,951**	**387,365**	**800,000**

8.1 CREDIT FACILITIES

8.1.1 2011 Credit Facility

In October 2011, the Company signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

The banks have agreed to the two one-year extensions and the 2011 Credit Facility will therefore expire in October 2018.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2013, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

8.1.2 Bonds

In February 2010, the Company carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Company carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Company carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

8.1.3 Other borrowings

The current account's balance of the Company with Legrand France SA as of 31 December 2013 is a liability of €112,075 thousand. This current account is governed by the cash pooling agreement signed with Legrand France on January 25, 2006 bearing interest at Euribor plus 80 bps.

8.1.4 Other debt

Other debt consists of the €27.0 million due to subsidiaries under the group relief agreement (corresponding to the tax benefits derived from the Company's use of their tax losses that they will recover when they return to profit).

NOTE 9 - NOTES TO THE STATEMENT OF INCOME

Non-recurring income and expense is as follows:

(in € thousands)	December 31, 2013	December 31, 2012
Revenue transactions	61	0
Capital transactions	1,528	2,066
Provisions reversals and expense transfers	27,573	17,052
TOTAL NON-RECURRING INCOME	**29,162**	**19,118**
Revenue transactions	(87)	(71)
Capital transactions	(29,701)	(17,133)
Amortization and provision expense	(240)	(1,340)
TOTAL NON-RECURRING EXPENSE	**(30,028)**	**(18,544)**
NON-RECURRING INCOME AND EXPENSE, NET	**(866)**	**574**

Non-recurring income and expenses on capital transactions correspond to income and expenses generated on sales and purchases of treasury shares in connection with i) the liquidity contract (income of €1,443 thousand) and ii) the transfer of performance shares to grantees under the plans (expense of €29,701 thousand).

The non-recurring provision reversals and expense transfers account includes, in addition to the provisions presented in Note 7, income of €27,159 thousand from the rebilling of losses incurred or provided for at Company level following the transfer of performance shares to employees of the Group's different subsidiaries.

NOTE 10 - OTHER INFORMATION

10.1 INCOME TAXES

10.1.1 Unrecognized deferred tax assets and liabilities

	Base: income (or expense)					Unrecognized deferred tax benefit (charge)**		
		Movements for the period						
(in € thousands)	1/1/2013	Other*	Increase	Decrease	12/31/2013	1/1/2013	Change	12/31/2013
Timing difference between the recognition of income and expenses for financial reporting and tax purposes:								
Income taxed in recurrent year not recognized in the income statement:								
■ Unrealized exchange gains	0					0		
Expenses recognized in the income statement that are deductible in future years:								
■ Employee profit-sharing	(130)			22	(108)	45	(8)	(37)
■ Provisions for pensions and other post-retirement benefit costs	(1,121)	(183)	(378)	89	(1,593)	386	163	549
■ Other provisions	0		(907)		(907)	0	312	312
■ Taxes and other	(65)		(4)		(69)	22	2	24
TOTAL	**(1,316)**	**(183)**	**(1,289)**	**111**	**(2,677)**	**453**	**469**	**922**

* *Unrecognized past service cost.*

** *Calculated by the liability method, based on the standard French tax rate and the 3.3% "contribution sociale" surtax.*

The tax rate used is the rate applicable since 2006. The non-recurring 10.7% tax applicable to companies generating over €250 million in annual revenue in 2013 was not taken into account in the deferred tax calculation.

10.1.2 Group relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies, plus the tax on distributed earnings.

In 2013, Legrand recognized a net income tax benefit of €7,388 thousand (after deducting €7,954 thousand in tax on distributed earnings).

10.2 RELATED PARTY TRANSACTIONS

	December 31, 2013		December 31, 2012	
(in € thousands)	Related party transactions	Total in the financial statements	Related party transactions	Total in the financial statements
Investments	**3,773,659**	**3,791,487**	**3,773,659**	**3,790,091**
Inventories	**0**	**0**	**0**	**0**
Trade receivables	4,936	4,936	7,257	7,257
Other receivables	2,604	28,266	555	30,682
Receivables	**7,540**	**33,202**	**7,812**	**37,939**
Debt	112,075	1,246,161	87,365	1,221,449
Trade payables	87	1,812	205	2,295
Other liabilities	27,022	31,666	28,332	32,572
Liabilities	**139,184**	**1,279,639**	**115,902**	**1,256,316**
Financial expense	**1,306**	**45,733**	**295**	**43,812**
Financial income	**249,851**	**249,852**	**115,990**	**115,994**

10.3 EXPOSURE TO MARKET RISKS (INTEREST RATE, CURRENCY AND CREDIT RISKS)

10.3.1 Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks, and are therefore set up for limited periods and amounts.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2013 no hedges were set up at the level of the Company.

10.3.2 Concentration of credit risks

The Group's financial derivatives contracts are held with leading financial institutions. Legrand monitors its level of credit exposure with each financial institution concerned on an ongoing basis.

10.3.3 Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing. This represents the basis of Group-level control processes.

10.4 CONTINGENCIES AND COMMITMENTS

(in € thousands)	December 31, 2013	December 31, 2012
Guarantees	63	63
Mortgages and liens	0	0
TOTAL COMMITMENTS GIVEN	**63**	**63**

10.5 EMPLOYEES

	December 31, 2013	December 31, 2012
Average number of employees		
Management	28	31
Administrative staff	5	5
Apprentices	1	0
TOTAL	**34**	**36**

10.6 EXECUTIVE DIRECTOR COMPENSATION

Compensation paid to Executive Director for 2013 and 2012 amounted to €1.5 million.

10.7 SUBSIDIARIES AND AFFILIATES

	Share capital		Reserve and retained earnings	% interest	Carrying amount of the shares		Guarantees given	2013 revenue	2013	Dividends paid in 2013
(in € thousands)	currency	euros			Cost	Net			profit (loss)	
French companies										
Legrand France	EUR	54,913	991,407	100	3,773,659	3,773,659	63	887,358	266,499	249,851

NOTE 11 - SIGNIFICANT EVENTS OF THE YEAR

None

NOTE 12 - SUBSEQUENT EVENTS

None

APPENDIX 2

Legrand SA - Management report of the Board of Directors on March 5, 2014 to the Annual General Meeting scheduled on May 27, 2014

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2013

1.1 Highlights of the year

Nil.

1.2 Revenues and earnings in 2013

Revenues amounted to €22.8 million, for providing services within the Group.

Other operating income amounted to €1.2 million in the year to December 31, 2013.

Operating expense amounted to €23.5 million in the year to December 31, 2013, compared with €20.1 million in the year to December 31, 2012.

At December 31, 2013, operating profit was €0.5 million, compared with a level close to zero as at December 31, 2012.

Net interest and other financial items for 2013 represented income amounting to €204.1 million, compared with €72.2 million in the year to December 31, 2012. This variation resulted primarily from:

- a €1.7 million increase in net interest with respect to the Legrand France loan;
- a €0.9 million increase in loan charges;
- a net increase in dividend received of €134.5 million.

Net exceptional items represented a loss of €0.9 million at December 31, 2013, compared with income amounting to €0.6 million in the year to December 31, 2012.

Tax income booked in an amount of €7.4 million represents the surplus of tax paid by subsidiaries within the tax consolidation group and of dividend withholding tax amounting to €7.9 million.

Net income for the year to December 31, 2013 amounted to €211.1 million.

1.3 Debt

The Company's debt position is summarized in appendix 1 to the Management Report.

It was unchanged in 2013 compared to 2012.

1.4 Management of financial risk

Management of these risks is described in chapter 4 of the Company's Registration Document and in Note 22 to the consolidated financial statements, which appear in chapter 9 of this Registration Document.

1.5 Business of the Group

Information on the business of the Group is presented in chapter 6 of the Company's Registration Document.

2 - PRINCIPAL RISKS AND UNCERTAINTIES

Risks and related Group policies are presented in chapter 4 of the Company's Registration Document.

3 - RESEARCH AND DEVELOPMENT

Nil.

4 - SUSTAINABLE DEVELOPMENT

Information on the Group's labor policy, environmental policy and social responsibility commitments is presented in chapter 5 of the Company's Registration Document.

5 - SIGNIFICANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

Nil.

6 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2014 as in 2013.

7 - APPROPRIATION OF EARNINGS

We propose that the Company's earnings of €211,074,038.98 be appropriated as follows:

■ appropriation to legal reserve	€10,553,701.95
■ dividend distribution: (€1.05 per share)	€278,690,989.50*
■ appropriation of the difference of	€78,170,652.47 to retained earnings, then amounting to €44,558,415.49

* *Calculated on the basis of the number of shares making up the Company's capital stock on December 31, 2013, minus the number of treasury shares held on that date. This amount may be adjusted depending on the number of treasury shares held at the date of payment and on the amount of any dividends payable on shares issued after December 31, 2013.*

For eligible shareholders, dividends qualify in full for the 40% income-tax exemption provided for under Article 158-3.2 of the French Tax Code (*Code général des impôts*).

We remind shareholders that the Company is legally required to hold an inappropriable reserve in an amount equal to that of shares repurchased under the share buyback programs implemented by the Company, or €5.9 million at December 31, 2013.

8 - EARNINGS OVER THE PAST FIVE YEARS

In accordance with Article R. 225-102 of the French Commercial Code, we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (appendix 2 to the Management Report).

9 - DIVIDENDS

In accordance with the provisions of Article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

Dividends distributed in respect of 2010, 2011 and 2012 financial years were as follows:

			Earnings distributed per share	
Financial year	Shares with dividend entitlement	Dividend per share	Eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code	Not eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code
2010	262,911,065 shares with a par value of €4	€0.88	€0.88	€0
2011	263,449,797 shares with a par value of €4	€0.93	€0.93	€0
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0

The dividends distributed qualified for the 40% income-tax exemption under Article 158-3-2 of the French Tax Code.

10 - NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for the 2013 financial year, excluding items carried over from prior years, came to €40,503, including €18,641 related to the tax on corporate vehicles (*Taxe sur les véhicules de tourisme et Société*) and €21,862 related to rental income and vehicle depreciation and the corresponding tax in an amount of €13,945.

11 - MANDATES AND OTHER FUNCTIONS EXERCISED BY EACH DIRECTOR

This information is provided in appendix 3 to the Management Report.

12 - MANAGEMENT

At December 31, 2013, Gilles Schnepp held the position of Chairman and Chief Executive Officer.

13 - SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS OR CONTROL

For subsidiaries and equity interests, an organizational chart and a description of their business are given in paragraphs 10.1.6 and 10.1.7 of the Company's Registration Document, which also describes their business.

There were no significant acquisitions by the Company of equity interests in or control of any companies headquartered in France during financial year 2013.

14 - SHAREHOLDERS

a) Overview

The shareholding structure of the Company is presented in paragraph 8.1.1 of the Company's Registration Document.

Under Article 12.4 of the Company's articles of association, as from February 24, 2006, fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of the Company's share capital they represent.

For more information on shareholders and share ownership thresholds, please consult paragraphs 8.1.2 to 8.1.4 of the Company's Registration Document.

b) Employee share ownership

At December 31, 2013, Group employees held a total of 427,351 shares in the "Actions Legrand" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.16% of the Company's capital and 0.15% of its voting rights.

15 - COMPENSATION OF DIRECTORS

Information on compensation of Executive Directors is presented in paragraph 7.2.2 of the Company's Registration Document.

16 - COMPENSATION COMPONENTS DUE OR ALLOCATED TO MR. GILLES SCHNEPP, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE 2013 FINANCIAL YEAR, SUBMITTED FOR SHAREHOLDERS OPINION

Information on compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year, submitted for shareholders opinion is presented in paragraph 7.2.5 of the Company's Registration Document.

17 - OPTION FOR THE SUBSCRIPTION OR PURCHASE OF SHARES PLANS AND PERFORMANCE SHARE PLANS

Information on the Company's option for the subscription or purchase of shares plans and performance share plans implemented by the Company is presented in paragraphs 8.2 and 8.3 of the Company's Registration Document.

In compliance with Articles L. 225-184 and L. 225-197-4 of the French Commercial Code, special reports on this subject will be presented to the General Meeting of Shareholders on May 27, 2014.

18 - DELEGATION IN CONNECTION WITH CAPITAL INCREASES

This information is presented in paragraph 10.2.1.1 of the Company's Registration Document.

19 - AUTHORIZATION OF GUARANTEES, ENDORSEMENTS AND BONDS

At its meeting on March 5, 2014, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chairman and Chief Executive Officer to grant guarantees, endorsements and bonds in the name of and on behalf of the Company, up to a limit of €100,000,000. However, this limit does not apply to guarantees, endorsements and bonds granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

20 - SHARE BUYBACKS

In the course of 2013, the Company purchased a total of 1,547,383 shares of stock at a total cost of €57,767,102 and sold 1,539,883 shares for a total of €57,839,492, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) approved by the French Financial Markets Authority (*Autorité des marchés financiers*) in its decision of March 22, 2005.

The average purchase price was €37.33 per share and the average sale price was €36.64 per share. There were no trading costs associated with these transactions.

At December 31, 2013, the balance on the liquidity contract stood at 107,500 shares.

In addition, in the first quarter of 2013, the Company bought back 860,000 shares for a total of €30,065,041, and transferred 848,557 shares to employees under performance share plans. Trading costs amounted to €90,021.78.

At December 31, 2013, the Company held 170,527 shares with a nominal value of €4 each, for a total of €682,108 or 0.06% of capital stock. Valued at cost at the time of purchase, these shares totalled €5,857,912.

Outside the scope of the liquidity contract, at December 31, 2013 the Company held 63,027 shares, representing a total value at cost of €1,572,484. These shares were appropriated as follows:

- 58,106 shares with an acquisition cost of €1,449,853, representing 0.02% of the Company's capital and a nominal value of €232,424, were appropriated for implementation of any performance share plans as necessary;
- 4,921 shares with an acquisition cost of €122,631, representing 0.002% of the Company's capital and a nominal value of €19,684, were appropriated to a Company investment fund (FCPE) in connection with employee profit sharing.

21 - TRANSACTIONS BY COMPANY'S OFFICERS AND SIMILAR PERSONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Transactions reported by the Company's officers and similar persons to the French financial Markets Authority during financial year 2013 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Olivier Bazil	Sale	Shares	2	1,400,000
Antoine Burel	Exercise of options	Options	2	255,113*
	Sale	Shares	2	429,367
Dongsheng Li	Purchase	Shares	1	32,600*
Annalisa Loustau Elia	Purchase	Shares	1	31,200*

* *Amount paid by the Declarer.*

22 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Restrictions on the exercise of voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to Article L. 233-11 of the French Commercial Code	Company shares are freely negotiable and are transferred from account to account in accordance with applicable law and regulation. Within the limits of applicable law and regulation, each shareholder is entitled to as many votes as the number of shares he, she or it owns or holds proxies for. Under Article 12.4 of the Company's articles of association, however, fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of share capital they represent. In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right is attached, on issue, to registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached. Any shares converted from registered to bearer form, or transferred to another owner, cease to carry double voting rights. However, if the transfer of ownership results from succession, dissolution of the joint property of spouses, or a gift to a spouse or person in line of succession, the double voting rights do not lapse and there is no interruption in the required period of two years. The merger or division of the Company has no effect on double voting rights, which may be exercised within the successor company or companies provided this is allowable under the articles of the successor company or companies.
Direct and indirect equity interests of which the Company has been apprised by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code.	Changes in the ownership of Legrand shares during financial year 2013 are presented in paragraph 8.1.2 of the Company's Registration Document.
Owners of any securities conferring special rights of control and description of these securities	Nil.
Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves	As provided in the regulations for the investment fund "Actions Legrand," the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.
Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil.

Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Appointment and replacement of members of the Board of Directors and amendment of the Company's articles of association	In accordance with its articles of association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. Directors are appointed to serve four-year terms, which expire at the end of the ordinary General Meeting of shareholders called to consider financial statements for the previous financial year and held in the year in which their term of office expires. Directors may be reappointed for consecutive terms without limit. When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first shareholders' meeting after the appointment is made. No individual over the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the ordinary General Meeting of shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached. Where the Company's articles of association do not specifically provide otherwise, amendments to the articles are subject to the provisions of applicable law.
Powers of the Board of Directors, in particular concerning share issuance and buybacks	This information is presented in paragraphs 10.2.1.1 and 10.2.2.1 of the Company's Registration Document. The Company can only repurchase its own shares outside of periods during which shares are made available through public offerings.
Agreements entered into by the Company which would be amended or lapse in the event of a change of control of the Company, except (unless disclosure is required by law) where disclosure would seriously harm its interests	The following contracts may be amended or lapse if control of the Company changes: ■ contract for the issuance of bonds on the US market by the Company's subsidiary Legrand France in an amount of $393.5 million, in the event of a change in control due to a hostile takeover; ■ the bond issue made on February 24, 2010 in a nominal amount of €300 million; ■ the bond issue made on March 10, 2011 in a nominal amount of €400 million; ■ the loan contract in an amount of €900 million entered into with French financial institutions on October 20, 2011. ■ the bond issue made on April 11, 2012 in a nominal amount of €400 million.
Agreements providing for payment of compensation to employees or members of the Board of Directors in the event of resignation, dismissal without real and serious cause, or termination of employment due to a tender offer	Nil with respect to executive directors and members of the Board of Directors.

23 - DUE DATES OF ACCOUNTS PAYABLE

In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of trade payables by due date:

(in thousands of euros)

Due dates (D = invoice date)	< D+60 days	> 60 days	No due date[1] if applicable	Total trade accounts payable
Trade payables at December 31, 2013	270	0	1,542	1,812
Trade payables at December 31, 2012	644	0	1,651	2,295

(1) Includes invoices that have not yet reached the Company.

March 5, 2014

The Board of Directors

Appendix 1 to the Management Report

LEGRAND SA		
Debt position *(in millions of euros)*	**31/12/2013**	**31/12/2012**
EXTERNAL DEBT		
Debt		
Bonds	1,100.0	1,100.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL EXTERNAL DEBT	**1,100.0**	**1,100.0**
Accrued interest	**34.1**	**34.1**
Finance costs		
Bonds	43.8	39.8
Bank borrowings	-	2.3
Credit Facility	-	0.8
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**43.8**	**42.9**
%	*4.0%*	*3.9%*
INTRA-GROUP DEBT		
Debt		
Advance from Legrand France	112.1	87.4
Finance costs		
Advance from Legrand France	1.3	0.3
%	*1.2%*	*0.3%*
TOTAL DEBT	**1,246.2**	**1,221.5**
Equity	2,549,0	2,579.9
DEBT-TO-EQUITY RATIO	**49%**	**47%**

Appendix 2 to the Management Report

Five-year financial summary *(in € thousands)*	2009	2010	2011	2012	2013
Capital at December 31					
Share capital	1,052,387	1,052,645	1,053,556	1,057,500	1,062,362
Number of common shares	263,096,679	263,161,346	263,388,995	264,374,875	265,590,517
Total shares outstanding	263,096,679	263,161,346	263,388,995	264,374,875	265,590,517
*Of which, treasury stock**	*1,255,647*	*800,135*	*560,536*	*151,584*	*170,527*
Results of operations					
Net revenue	17,872	15,661	17,300	18,475	22,821
Profit before tax, amortization and provisions	96,831	68,927	75,801	69,991	207,481
Income tax benefit (expense)	4,010	6,727	12,605	14,025	7,388
Employee profit-sharing	(148)	(145)	(179)	(76)	(79)
Net profit	134,668	77,329	92,476	86,732	211,074
Total dividend	182,810	183,716	231,362	245,008	265,131
Per share data					
Earnings per share before tax, amortization and provisions	0.37	0.26	0.29	0.26	0.78
Earnings per share	0.51	0.29	0.35	0.33	0.79
Dividend per share	0.70	0.70	0.88	0.93	1.00
Employee data					
Number of employees at December 31	43	42	41	34	37
Total payroll	5,506	5,718	5,618	5,212	5,518
Total benefits	2,399	2,612	3,132	2,516	2,261

* *No dividend entitlement or voting rights can be attached to own shares held by the Company.*

Appendix 3 to the Management Report

Name	Positions held in French and foreign companies
Gilles Schnepp Age 55 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions – Legrand Group (no directors' fees or other form of compensation are paid or due in respect of positions with companies belonging to the Legrand Group):*** Chairman and Chief Executive Officer of Legrand* Chairman and Chief Executive Officer of Legrand France Permanent representative of Legrand France, Chairman of Cofrel Permanent representative of Legrand France, Chairman of Distrasa Permanent representative of Legrand France, Chairman of Groupe Arnould Permanent representative of Legrand France, Chairman of ICM Group Permanent representative of Legrand France, Chairman of Sarlam Permanent representative of Legrand France, Chairman of URA Permanent representative of Legrand France, manager of Legrand SNC Permanent representative of Legrand France, Chairman of Alpes Technologies Permanent representative of Legrand France, Chairman of Préfatech Permanent representative of Legrand France, Chairman of AE Chessy Permanent representative of Legrand France, Chairman of Pammelec Permanent representative of Legrand France, Chairman of Legrand Cable Management Permanent representative of AE Chessy, manager of Planet Watthom Permanent representative of Legrand France, Chairman of Intervox Systèmes Permanent representative of Legrand France, Chairman of S2S Permanent representative of Legrand SNC, Chairman of Legrand Pacifique Permanent representative of Legrand France, Director of Electrak Holdings Limited Permanent representative of Legrand France, Director of Electrak International Limited Permanent representative of Legrand France, Director of Electrak Limited Permanent representative of Legrand France, Director of Electrak Overseas Limited Permanent representative of Legrand France, Director of Legrand Electric Limited Permanent representative of AE Chessy, Director of Legrand Electric Limited Permanent representative of Legrand France, Director of Legrand UK Limited Permanent representative of AE Chessy, Director of Legrand UK Limited Director and Chairman of the Board of Directors of Tenby Electrical Accessories Director of Legrand Kazakstan Director of Legrand Romania Director of PT Supreme Electro Kontak Director of Legrand Skandinaviska Director and manager of Legrand SLV d.o.o. Chairman of Legrand Holding Inc. ***Current position outside the Legrand Group:*** Director of Saint-Gobain* ***Positions held during the past five years and now discontinued:*** Mandates in various Group subsidiaries
Olivier Bazil Age 67 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Member of the Supervisory Board of Michelin* Member of the Supervisory Board of Vallourec* Chairman of Fritz SAS Member of the Supervisory Board of *Société Civile du Château Palmer* Director of Firmenich International SA ***Positions held during the past five years and now discontinued:*** Vice-Chairman, Chief Operating Officer of Legrand* Mandates in various Group subsidiaries

* *Listed company.*

Name	Positions held in French and foreign companies
Christel Bories Age 49 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Deputy Chief Executive Officer of Ipsen* Director of Smurfit Kappa* Director of Natixis* Vice-Chairman of think tank of *Fabrique de l'Industrie* ***Positions held during the past five years and now discontinued:*** Director of *Cercle de l'Industrie* Chief Executive Officer of Constellium Director of ATLAS CopCo AB*, Sweden Chairman and Chief Executive Officer of Alcan Engineered Products Chairman of Association Européenne de l'Aluminium (EAA)
Angeles Garcia-Poveda Age 43 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Chief Executive Officer of Spencer Stuart in France ***Positions held during the past five years and now discontinued:*** Nil.
François Grappotte Age 77 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director and Honorary Chairman of the Board of Directors of Legrand* ***Current position outside the Legrand Group:*** Nil. ***Positions held during the past five years and now discontinued:*** Director and Honorary Chairman of the Board of Directors of Legrand France (Chairman of the Board of Directors and Chief Executive Officer till the beginning of 2006) Member of the Supervisory Board of Michelin* Director of BNP Paribas*
Gérard Lamarche Age 52 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Director of SGS (Switzerland)* Director of Groupe Bruxelles Lambert*(Belgium) and Managing Director Director of Total* Director of Lafarge* Adviser (*Censeur*) of GDF SUEZ* ***Positions held during the past five years and now discontinued:*** Director of Electrabel Director of Suez Environnement Company Director of International Power Plc Director of Europalia Director of GDF Suez Belgium Director of Aguas de Barcelona Director of GDF Suez E.S. Director of Suez-Tractebel Director of Fortis Banque Director of Suez Environnement North America Director of Leo Holding Company Director and Chairman of Genfina Director and Chairman of GDF Suez CC Director of Distrigaz Director of Suez Environnement

* *Listed company.*

Name	Positions held in French and foreign companies
Thierry de La Tour d'Artaise Age 59 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Director of Zhejiang SUPOR (China) Director of Club Méditerranée* Permanent representative of Sofinaction, Director of Lyonnaise de Banque Chairman and Chief Executive Officer of SEB SA* Chairman of SEB Internationale (SAS) ***Positions held during the past five years and now discontinued:*** Director of Plastic Omnium*
Dongsheng Li Age 57 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Chairman of TCL Multimedia Technology Holdings Ltd* Chairman of TCL Communication Technology Holdings Limited* Independent Director of Tencent* Chairman and Chief Executive Officer of TCL Corporation ***Positions held during the past five years and now discontinued:*** Nil.
Annalisa Loustau Elia Age 48 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Nil. ***Positions held during the past five years and now discontinued:*** Nil.
Eliane Rouyer-Chevalier Age 61 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* ***Current position outside the Legrand Group:*** Nil. ***Positions held during the past five years and now discontinued:*** Member of the Executive Committee of Edenred*

* *Listed company.*

APPENDIX 3

Statutory Auditors' report on the Legrand SA's financial statements – Year ended December 31, 2013

Legrand

Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying financial statements of Legrand (the "Company");
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of financial position of the Company as at December 31, 2013 and the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Note 1.3 to the financial statements sets forth the accounting policies related to the valuation of investments in participating interests. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and of the information given in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly sur Seine, March 5, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Édouard Sattler

Deloitte & Associés

Jean-Marc Lumet

APPENDIX 4

Board of Directors Report

Presentation of the agenda for the combined Ordinary and Extraordinary General Meeting of May 27, 2014

This document outlines the key issues in the draft resolutions submitted by your Board of Directors to the General Meeting of Shareholders called for May 27, 2014. As a result, it is not exhaustive and cannot replace a careful review of the draft resolutions before you exercise your voting rights at the Meeting.

For your information, no new agreement within the scope of Article L. 225-38 of the French Commercial Code was entered into during the financial year ended December 31, 2013. You may consult the special auditors' report on agreements and commitments entered into between the Company and the members of its Board of Directors in previous financial years and continued to be performed during the financial year ended December 31, 2013. Please bear in mind, however, that in accordance with recommendation No. 2012-05 of the French Financial Markets Authority (Autorité des Marchés Financiers), dated July 2, 2012, previously authorized and approved agreements and commitments will not be submitted for the approval of the General Meeting called for May 27, 2014.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2014 to consider the following agenda:

I - RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2013 (1st and 2nd resolutions)

The first two resolutions give you the opportunity, after having reviewed the reports of the Board of Directors and the statutory auditors, to vote on approval of the Company and consolidated financial statements for the financial year ended December 31, 2013 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2013:

- the Company's financial statements show a net profit of €211,074,038.98;
- the Company's consolidated financial statements show a net profit of €530.5 million.

Appropriation of earnings and determination of dividend (3rd resolution)

In the third resolution, you will vote on appropriating the Company's earnings and determining a dividend. The proposal before you is as follows:

- after you have observed that the Company's net book profit for the financial year ended December 31, 2013 amounts to €211,074,038.98;
- €10,553,701.95 of this net profit would be appropriated to the legal reserve;
- with the result that, factoring in retained earnings from previous years amounting to €122,729,067.96, the amount available for distribution in respect of the financial year ended December 31, 2013 would be €323,249,404.99.

Your Board has therefore proposed that you distribute a dividend amounting to €1.05 per share, for a total of €278,690,989.50, based on the number of shares making up the capital stock at December 31, 2013, minus the treasury shares held by the Company at that date.

The remaining distributable income in the amount of €44,558,415.49 would be appropriated to retained earnings.

In the event of a change in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly, along with the amount appropriated to retained earnings.

No dividends would be due on any shares held by the Company itself or cancelled before the payment date.

The dividend is eligible in full for the 40% income-tax exemption provided under Article 158-3-2° of the French Tax Code (*Code général des impôts*) effective at the date of this report.

If this resolution is adopted, the ex-dividend date on Euronext Paris would be May 29, 2014, and the dividend would be paid to shareholders on June 3, 2014.

Renewal of the Directors' mandates of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp (resolutions 4 to 7)

At December 31, 2013, the membership of your Board of Directors is balanced. The Company's Directors come from a diversity of backgrounds, and their skills are both varied and complementary: some Directors possess strategic skills, while others have financial or more specific skills in, for instance, financial communications, talent management or marketing. Moreover, having current and former members of Legrand's General Management on the Board ensures that it enjoys a good level of knowledge of the Group and how it works.

The Directors' mandates of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp are expiring at the end of today's General Meeting.

The fourth, fifth, sixth and seventh resolutions ask you, in line with the recommendation of the Nominating and Compensation Committee, to renew their mandates for a period of four years, ending at the date of the General Meeting of shareholders called in 2018 to consider the financial statements for the financial year ending December 31, 2017.

Mr. Olivier Bazil, Mr. François Grappotte and Mr. Gilles Schnepp have all been Directors of the Company since 2002 and all have at least 25 years of professional experience with the Legrand Group. They have also all held directorships or positions on the supervisory board of CAC 40 component stock companies other than Legrand. They thus provide the Board with their experience and their knowledge of the Group and its business. Mr. Olivier Bazil is also a member of the Strategy and Social Responsibility Committee and of the Nominating and Compensation Committee. Mr. François Grappotte is Honorary Chairman of the Board of the Directors. Mr. Gilles Schnepp has been Chairman and Chief Executive Officer of Legrand since 2006 and is a member of the Strategy and Social Responsibility Committee.

The presence of Mr. Dongsheng Li on the Board of Directors since 2012 has enabled the Group to benefit from the experience of one of China's most widely acknowledged senior executives. He provides the Board with the fruits of his practical experience at the head of an industrial company, and with his vision of the economy and markets in emerging countries, while enabling the Board to open out to other cultures. At its meeting on March 5, 2014, the Board of Directors, upon a recommendation from the Nominating and Compensation Committee, restated its assessment that Mr. Dongsheng Li could be considered an independent Director. As stated previously, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, resulting from Legrand's acquisition of two TCL group companies in 2005 and 2008. In view of the insignificant financial stakes involved (in 2013, trademark royalties represented 0.05% of Legrand Group sales and 0.03% of TCL sales) and with regard to market practice analyzed by a consulting firm, the Board of Directors considered that Mr. Dongsheng Li could be qualified as an independent Director under the independence criteria defined in the Afep-Medef Code of Corporate Governance.

A summary biography of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp is given below.

Olivier Bazil

Olivier Bazil, 67, is a graduate of the *École des Hautes Études Commerciales* (HEC) and holder of an MBA (Master of Business Administration) from Harvard Business School.

Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand France in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011.

Olivier Bazil also holds the following positions: member of the Supervisory Boards of Michelin*, Vallourec* and *la Société Civile du Château Palmer*, Chairman of Fritz SAS, and Director of Firmenich International SA.

François Grappotte

François Grappotte, 77, is a graduate of the Paris Institute for Political Studies and of the *École Nationale d'Administration* (ENA); he also holds degrees in law, political economy, and economics and finance from Paris University.

François Grappotte began his career at the Industry Ministry and at the Treasury Department of the Economics and Finance Ministry, before joining Banque Rothschild in 1970, where he successively held positions as Junior Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until 2006.

François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the *Banque de France*.

Dongsheng Li

Dongsheng Li, 57, is the founder, Chairman and Chief Executive Officer of TCL Corporation.

In 1982, Dongsheng Li graduated from the Department of radio-technology of South China University.

As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress.

Dongsheng Li holds several prestigious positions, including: Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce.

In China, Dongsheng Li was named "Man of the Year in the Chinese Economy" in both 2002 and 2004. In 2009, he was awarded "Business Leader of the Decade" by the CCTV Chinese Economy Channel. Internationally, Dongsheng Li was named "Asian Businessman of the Year" by Fortune Magazine in 2004 and one of the Top 25 Global Business Leaders by Time Magazine and CNN in 2004. That same year, Mr. Li received the medal of *Officier de la Légion d'Honneur* from France's President, Jacques Chirac. In 2013, Dongsheng Li was shortlisted among the "outstanding Chief Executive Officers of listed Chinese companies" by Forbes magazine.

Dongsheng Li is also Chairman of Hong Kong listed companies TCL Multimedia Technology Holdings Limited* and TCL Communication Technology Holdings Limited*, as well as being an independent Director of Tencent*.

Gilles Schnepp

Gilles Schnepp, 55, is a graduate of the *École des Hautes Études Commerciales* (HEC).

Gilles Schnepp's career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer, becoming Legrand France Company Secretary in 1993, Chief Financial Officer in 1996, and Deputy Chief Operating Officer in 2000.

Gilles Schnepp has been a Director of the Company since 2002, and Chairman of the Board of Directors and Chief Executive Officer since 2006.

Subject to adoption of the seventh resolution, your Board of Directors is considering renewing Mr. Gilles Schnepp's terms of office as Chairman of the Board, Chief Executive Officer and member of the Strategy and Social Responsibility Committee from the General Meeting on May 27, 2014.

The combination of duties of Chairman of the Board and Chief Executive Officer, both assumed by Mr. Gilles Schnepp, was chosen in the context of the Company's initial public offering and has proved efficient ever since. The combination of duties corresponds both to Company tradition and to the reality of Legrand's operating model.

The combination of duties of Chairman of the Board and Chief Executive Officer takes effect in a context of respect for the respective prerogatives of the various governance bodies, and a certain number of safeguards have been established within the Company to guarantee the proper operation of the Board of Directors and its specialized Committees, to ensure a balance of powers within the Company and, generally, to prevent or resolve any situations of conflict of interest.

In this respect, the establishment of the following safeguards may be noted:

- **Mandatory appointment of a Lead Director if the positions of Chairman and of Chief Executive Officer are held by the same person**. In this respect, your Board of Directors appointed Ms. Angeles Garcia-Poveda to the position of Lead Director. The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, she is tasked with (i) preventing and/or handling conflicts of interest, (ii) supervising the periodic assessment of the Board's operations, (iii) chairing and moderating an annual meeting of non-executive Directors without executive or internal Directors being present and (iv) reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive Directors. In the exercise of her duties, the Lead Director may submit a proposal, as appropriate, to the Chairman of the Board of Directors to the effect of including additional points on the agenda of Board meetings; request the Chairman of the Board of Directors to call an extraordinary meeting of the Board on a specific agenda; chair meetings of the Board of Directors in the event of the Chairman being unable to attend. The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and statutory auditors and receive the information needed to discharge their duties in the best possible conditions. The Lead Director reports to your Board;
- **Setting-up of an annual meeting among non-executive Directors**, chaired by the Lead Director;
- **Existence of a strong proportion of independent Directors on your Board** (70%) and its specialized Committees (the share of independent Directors is 100% on the Audit Committee, two-thirds on the Nominating and Compensation Committee, and 50% on the Strategy and Social Responsibility Committee);
- **Chairmanship of the specialized Committees entrusted to independent Directors**: the Audit Committee is chaired by Mr. Gérard Lamarche (independent Director), the Nominating and Compensation Committee is chaired by Ms. Angeles Garcia-Poveda (independent Director), and the Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories (independent Director).

For information purposes, should you decide to vote in favour of the renewals put before you, the terms of each of the Company's ten Directors' mandates would run as follows:

Directors	2015	2016	2017	2018
Mr. Gilles Schnepp				X
Mr. François Grappotte				X
Mr. Olivier Bazil				X
Ms. Christel Bories		X		
Ms. Angeles Garcia-Poveda		X		
Mr. Gérard Lamarche		X		
Mr. Thierry de La Tour d'Artaise		X		
Mr. Dongsheng Li				X
Ms. Annalisa Loustau Elia			X	
Ms. Éliane Rouyer-Chevalier	X			
Number of renewals per year	**1**	**4**	**1**	**4**

Opinion on compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year (8th resolution)

In line with the recommendations of the Afep-Medef Code of Corporate Governance, to which the Company makes reference pursuant to Article L. 225-37 of the French Commercial Code (*Code de commerce*), the compensation components due or allocated to the Executive Director at the end of the closed financial year are submitted to your opinion.

Consequently, the eighth resolution asks that you issue a favourable opinion on the compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of financial year 2013.

Compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year, submitted for shareholders'opinion

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date
Annual Bonus	€710,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2013 financial year could vary between 0% and 150% of fixed annual compensation (the target value is set at 100% of fixed annual compensation) and would be determined as follows: ■ from 0% to 112.5% (with a target value set at 75%) depending on a quantitative portion calculated on the basis of criteria linked to (i) achievement of a certain level of "economic result," i.e. adjusted operating income less the cost of capital used, (ii) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2011-2013 sustainable development road map; and ■ from 0% to 37.5% (with a target value set at 25%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the external growth policy (adherence to set priorities, emphasis on multiples, consolidation/expansion of acquisitions already made), and (iii) other general criteria, particularly risk management, labor issues, and succession plans Based on the work and proposals of the Nominating and Compensation Committee, the Board, at its meeting on March 5, 2014, set: ■ the amount of the variable portion due in respect of meeting quantitative targets at 78.6% of annual fixed compensation, and ■ the amount of the variable portion due in respect of meeting qualitative targets at 35% of annual fixed compensation Details of the rate of achieving the quantitative and qualitative criteria are presented on page 172 of the Company's Registration Document The amount in annual variable compensation due for 2013 therefore corresponds to an achievement rate of 75.7% of the maximum of the annual objectives, i.e., 113.6% of the target
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation
Long term incentive	No amount is due in respect of the 2013 financial year (IFRS value: €605,221)	On the recommendation of the Nominating and Compensation Committee, the Board of Directors, at its meeting of March 6, 2013 decided to implement Future Performance Unit plan to which Mr. Gilles Schnepp is entitled. This plan is described in Sections 7.2.1.1 and 7.2.2.1, pages 165 *et seq*. and pages 172-173 of the Company's Registration Document
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional compensation
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the closed financial year
	Performance shares: Not applicable	There was no grant during the closed financial year
	Other long-term compensation component: Not applicable	There was no grant during the closed financial year
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees (he waives his right to receive attendance fees from 2011)
Valuation of all types of benefit	€4,308	Mr. Gilles Schnepp has a company car and cell phone

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments	Amounts	Details
Severance payment	Not applicable	There is no commitment in this regard
Non-compete compensation	No amount is due in respect of the 2013 financial year	A non-compete agreement was entered into between the Company and Mr. Gilles Schnepp for a period of two years. This agreement can only be implemented once Mr. Gilles Schnepp has left the Company and then at the sole initiative of the Company. If implemented, compliance with the agreement by Mr. Gilles Schnepp would occasion the payment by the Company of a monthly indemnity equal to 50% of the monthly average of the reference salary received over the last 12 months with the Group. The reference salary is composed of the salary plus the annual bonus; it being specified that it does not include any sums paid in respect of long term incentive In accordance with the procedure relating to regulated agreements and commitments, this agreement was authorized by the Board of Directors on March 4, 2009 and approved by the Combined Shareholders' General Meeting of May 26, 2009 (Resolution No. 4)
Supplementary pension plan	No amount is due in respect of the 2013 financial year	The Nominating and Compensation Committee, in agreement with the Chairman and Chief Executive Officer, has decided to conduct a review of the supplementary pension entitlement in which the Chairman and Chief Executive Officer and the members of the Group Executive Committee (who are subject to the French pension system for salaried workers) participate, with the aim of taking into account the recent changes in market practices The Chairman and Chief Executive Officer has committed in advance to accepting the new provisions of the plan that the Committee will recommend; these provisions may not under any circumstances result in an increase in his potential rights Proposals for the new terms of the plan will be submitted to the Board of Directors and presented to the staff representative bodies, and all changes will be submitted to a vote of the General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2014, in accordance with the procedure relating to regulated agreements and commitments and, more generally, the procedure known as "Say on pay"

Summary table of criteria for determining the Executive Director's 2013 annual bonus

Mr. Gilles Schnepp's annual bonus in respect of financial year 2013 was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantitative 75% of variable total	Economic result	Adjusted operating profit less the cost of capital employed	% of fixed compensation	0%	**50%**	75%	**53.9%**
			Economic result in M€		714		725
	Organic growth	Organic revenue growth as a %	% of fixed compensation	0%	**10%**	15%	**11.3%**
			2013 target		0%		0.5%
	Acquisitions	2013 revenue growth by scope of consolidation	% of fixed compensation	0%	**5%**	7.5%	**2.4%**
			% of scope of consolidation on 2013 revenue growth		5%		2.4%
	Corporate Social Responsibility (CSR)	Achievement of 2011-2013 Sustainable Development road map priorities	% of fixed compensation	0%	**10%**	15%	**11%**
			Number of achieved priorities		23		24
	Quantitative total			**0%**	**75%**	**112.5%**	**78.6%**
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies		0%	10%	15%	15%
	Acquisition strategy	Compliance with set priorities, emphasis on multiples, consolidation/development of acquisitions already made		0%	10%	15%	14%
	General criteria	Risk management, labor issues, succession plans		0%	5%	7.5%	6%
	Qualitative total			**0%**	**25%**	**37.5%**	**35%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**113.6%**

For more information about Company policy on compensation and benefits for Executive Directors, please refer to paragraph 7.2 of the Company's Registration Document.

Determination of attendance fees paid to members of the Board of Directors (9th resolution)

The General Meeting on May 26, 2011 set the overall amount of attendance fees to be allocated to the Board of Directors, at €600,000. The ninth resolution asks you to raise this amount to €800,000 from financial year 2014.

This increase in the amount set three years ago would have several benefits:

- **bringing the Company closer to existing market practice:** today, a large majority of CAC 40 component stock companies allocate amounts greater than €600,000, and fewer than ten such companies allocate an amount that is similar or lower;
- **better rewarding Directors for their work and their commitment:** in the course of 2013, (i) your Board of Directors met six times, the Audit Committee five times, the Nominating and Compensation Committee three times, and the Strategy and Social Responsibility Committee three times, with the duration of meetings being extended; (ii) an annual meeting among non-executive directors was set up, and (iii) new assignments were entrusted to certain Directors through, in particular, the appointment of a Lead Director in November 2013 and the extension, in March 2014, of the scope of the Strategy and Social Responsibility Committee to include Corporate Social Responsibility issues;

- leaving you the **possibility of appointing additional Directors** with a profile favourable to greater diversity and a more international dimension on the Board of Directors.

It should be noted that the proposed amount is a maximum annual sum which is not necessarily used up in full, given that actually paid attendance fees depend on the composition of your Board of Directors and its Committees and on the Directors' attendance.

The Chairman and Chief Executive Officer does not receive any attendance fees; the proposed amount of attendance fees would therefore be distributed among the remaining Directors.

If approved, this decision would be maintained and this maximum amount allocated to the Board of Directors for each of the following years, until decided otherwise by a General Meeting.

Renewal of share buyback program (10th resolution)

In this resolution you are asked to grant your Board of Directors a new authorization to repurchase Company shares, with concomitant cancellation of the previous authorization, granted by the General Meeting of May 24, 2013.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 27, 2014, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any event, at no time would this authorization raise the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares making up the Company's share capital on the date in question.

The shares repurchased and held by the Company would have no voting rights and would not be entitled to dividends.

The goals of the buyback program would be:

- to ensure liquidity and active trading of Company shares;
- to (i) implement, in accordance with applicable law, (a) any and all plans relating to options to purchase shares, (b) any and all employee share-ownership transactions, (c) any and all free allocations of shares and all share allotments for the purpose of profit-sharing and (ii) undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted; or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des marchés financiers*), or for any other purpose consistent with prevailing regulations.

We propose that you set the maximum purchase price per share at €60 (excluding acquisition fees and adjustment events) and limit the total amount appropriated for the share buyback program to €500 million.

The authorization granted by this resolution would be valid for 18 months from the date of the General Meeting called for May 27, 2014. It could not be used during any period during which shares are made available through public offerings.

For reference, the Board of Directors has used the previous authorization as follows:

- at December 31, 2013, the Company held 170,527 shares with a par value of €4, for a total of €682,108, representing 0.06% of the Company's capital (of which 63,027 shares excluding liquidity contracts, purchased at a total cost of €1,572,484, to hedge its commitments to option grantees, recipients of performance shares, and to an FCPE employee share-ownership fund under a profit-sharing program);
- at December 31, 2013, the balance of the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 107,500 shares.

II - RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Renewal of authorization to cancel shares repurchased under the share buyback programs (11th resolution)

Adoption of this resolution would enable the Company to reduce its share capital by cancelling some or all of the shares purchased under the share buyback programs authorized and implemented by the Company, thereby producing an accretive effect for shareholders.

In any 24-month period, these shares could be cancelled up to a limit of 10% of the Company's share capital at the date of the Combined Ordinary and Extraordinary General Meeting of May 27, 2014.

This authorization would be valid for 26 months from the date of this General Meeting of shareholders. If this authorization is approved, it would invalidate all authorizations previously granted by the shareholders to the extent not used.

Renewal of financial authorizations (resolutions 12 to 19)

Resolutions 12 to 19 cover the delegations of financial powers granted to your Board of Directors. The purpose of these resolutions is to renew certain authorizations established and approved by the General Meeting of May 25, 2012, which are now expiring, and to enable the Board of Directors to manage the Company's finances, in particular by authorizing it to issue securities under certain circumstances and under certain conditions, depending on market opportunities and the Group's funding requirements.

Each resolution presented to you corresponds to a specific purpose for which your Board of Directors would be authorized to issue securities, with or without preferred subscription rights, depending on each case.

By voting these resolutions, you would give your Board of Directors a certain degree of flexibility by removing the requirement to call a General Meeting for each proposed issue of securities complying with the maximum limits strictly defined for each authorization and summarized in the table below (beyond said maximum limits, your Board of Directors would again need to request your authorization). As a result, the Board of Directors would adapt the type of securities and the investor profile more rapidly in response to market opportunities. This would allow the Company to obtain the right funding as quickly as possible, for both its own needs and market requirements.

It is specified that the resolutions presented to you have the same features than the resolutions approved by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, with the exception of the maximum limits applicable to resolutions 12, 13, 14, 18 and 19, which were revised downward to comply with the best practices as well as with the shareholders' recommendations.

Note that any capital increase in cash would theoretically involve offering you preferred subscription rights to the new shares entitling you to subscribe, for a defined period, a certain number of shares in proportion to your existing shareholdings. This preferred subscription right may be detached from the shares and can be traded throughout the subscription period.

Please note that approval of some of these resolutions would result in capital increases without preferred subscription rights, for the following reasons:

- depending on market conditions, it may be necessary to eliminate your preferred subscription rights in order to issue securities as successfully as possible. This may be the case, for example, if the success of the issue depends on the Company's ability to act quickly, if the Company is selling securities to investors outside France or responding to an exchange offer. In some instances, eliminating your preferred subscription rights might allow the Company to raise the capital it requires for investments more quickly, by offering the newly issued securities on more favourable terms (for example, by gaining faster access to qualified investors as defined by applicable regulations);
- in addition, your vote in favour of certain resolutions constitutes an express waiver of your preferred subscription right, without further process, in favour of the beneficiaries of the issues or allotments concerned, for example in the event of a capital increase restricted to participants in a share ownership savings plan.

Under these conditions, we therefore propose that you grant your Board of Directors the following powers, it being specified that, if it should make use of them, your Board of Directors would, as required by applicable regulations, draw up an additional report describing the final conditions of the issue decided upon. This report, together with statutory auditors' reports, would then be made available to you at head office and subsequently presented to you at the next General Meeting.

Delegation for the purpose of issuing ordinary shares or securities providing access to Company's ordinary shares or entitlement to debt securities, with preferred subscription rights maintained (12th resolution)

Using this authorization could enable your Board of Directors to strengthen the Company's equity and financial structure and/or to contribute to financing a capital expenditure program.

Shareholders exercising their preferred subscription rights would experience no dilution, while those not exercising their preferred subscription rights could opt to trade them.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights maintained**
- **Applicable limits**:
  - €200 million for equity securities, *i.e.* currently around 19% of share capital;
  - €2 billion for debt securities;
  - The authorization would also be counted towards the overall limits provided for in the nineteenth resolution of (i) €200 million for equity securities and (ii) €2 billion for debt securities.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the twelfth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of issuing, by public offering, ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (13th resolution)

If accepted, this delegation would enable the Company to access additional sources of funding by calling upon investors who are not yet Company shareholders; such a diversification in sources of funding could prove useful to the Company.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived**
- **Applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for equity securities. The nominal amount of capital increases effected under this delegation would also be counted towards the nominal limit set in the fourteenth resolution and towards the €200 million overall limit set in the nineteenth resolution;
  - €1 billion for debt securities. The nominal amount of debt securities issued under this delegation would also be counted towards the nominal limit set in the fourteenth resolution and towards the €2 billion overall limit set in the nineteenth resolution.
- **Price**:
  - For ordinary shares: the issue price of ordinary shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements);
  - For securities: the issue price of securities providing access to the Company's share capital and the number of ordinary shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section.
- **Priority entitlement**: your Board of Directors could decide to grant you a priority subscription entitlement on part or all of the issue; contrary to the preferred subscription right, this priority subscription entitlement may not be traded.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the thirteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of issuing, by private placement, ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (14th resolution)

If accepted, this delegation would enable the Company to benefit from a faster funding method than a capital increase by public offering, and would open up simpler access to qualified investors.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived**
- **Applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for equity securities. The nominal amount of capital increases effected under this delegation would also be counted towards the nominal limit set in the thirteenth resolution and towards the overall limit of €200 million set in the nineteenth resolution;
  - €1 billion for debt securities. The nominal amount of debt securities issued under this delegation would also be counted towards the nominal limit set in the thirteenth resolution and towards the overall limit of €2 billion set in the nineteenth resolution;
  - In any event, as provided for by applicable regulations, the total amount of capital increases which may be effected pursuant to this delegation could not annually exceed 20% of the Company's capital stock on the date of issue (this legal limit being calculated at the time of drafting this report and given for information purposes only).
- **Price**:
  - For shares: the issue price of shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements);
  - For securities: the issue price of securities providing access to the Company's share capital and the number of shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of increasing the amount of issues made with preferred subscription rights maintained or waived in the event of excess demand (15th resolution)

By enabling an increase in the amount initially envisaged for the operation, this scheme would help to avoid reducing subscriptions in the event of strong demand.

The authorization you are being asked to grant is characterized as follows:

- **Limit**: determined by applicable regulations (currently 15% of first issue).
- **Deadline**: determined by applicable regulations (currently within 30 days of closure of subscription).
- **Applicable limits**: the applicable limits are those set by the resolution pursuant to which the first issue was made.
- **Price**: same as that chosen for the first issue.
- **Preferred subscription rights**: waived or maintained according to the issue affected by over-allotment.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, which presented the same features, it being specified that the latter authorization was not used.

Delegation for the purpose of increasing share capital through incorporation of reserves, profit, premiums or other items which may be capitalized under applicable regulations (16th resolution)

Such an operation would not affect shareholder rights as, under these conditions, the increase in Company share capital would be implemented not through additional funding but simply by direct transfer to the 'equity' account. Such an operation would involve either the issue of new shares allotted free of charge to all shareholders on the day of the decision to incorporate, or an increase in the par value of existing shares.

The authorization you are being asked to grant is characterized as follows:

- **Applicable limit**: €100 million. This limit would be independent of any other limit relative to the issue of shares or other securities which might be authorized or delegated by the General Meeting on May 27, 2014.
- **Means used**:
  - Allocation of free shares;
  - Increase in the par value of existing shares; or
  - Any combination of these two.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the seventeenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, which presented the same features, it being specified that the latter authorization was not used.

Delegation to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favour of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (17th resolution)

If approved, the previous resolutions would grant the Board of Directors delegations which would entail the correlative legal obligation to present you with a draft resolution enabling a capital increase specifically in favour of employees. Therefore, although the tenth resolution adopted by the General Meeting on May 24, 2013 remains valid, it becomes necessary to submit the present resolution.

You are therefore asked to delegate to your Board of Directors the power to issue shares and/or securities giving access to the Company's share capital, with waiver of shareholders' preferred subscription rights, in favour of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of Article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants are allowed by Articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation to restrict a capital increase under equivalent conditions).

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived** to the benefit of participants in Company employee share-ownership programs.
- **Applicable limits**:
  - €25 million;
  - The authorization would be counted towards the €100 million nominal limit set in the thirteenth and fourteenth resolutions and the €200 million overall limit set in the nineteenth resolution.
- **Price**: the issue price of the new shares would be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision, it being understood that the Board of Directors might reduce this discount if it deemed it appropriate.

In the scope of this delegation, the Board of Directors would be able to allocate free shares or other securities giving access to the Company's share capital, in substitution for any discount and/or Company contribution, within the limits provided for in Article L. 3332-21 of the French Labour Code.

- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the tenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 24, 2013, it being specified that the latter authorization was not used.

Delegation to the Board of Directors for the purpose of issuing ordinary shares or other securities providing access to share capital as consideration for contributions in kind to the Company, with preferred subscription rights waived in favour of the holders of the shares or other securities constituting the contributions in kind (18th resolution)

This resolution asks you to delegate to your Board of Directors all necessary powers to issue ordinary shares and securities providing access to the share capital of the Company, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital.

This delegation would enable the conclusion of external growth transactions in France and elsewhere, as well as the buyback of minority interests in the Group, without impacting Company cash flow.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived** to the benefit of holders of shares or securities that are the subject of contributions in kind.
- **Applicable limits**:
  - 5% of share capital at the time of issue, for equity securities. The nominal amount of capital increases resulting from issues effected pursuant to this delegation would also be counted towards the €100 million nominal limit set in the thirteenth and fourteenth resolutions and the €200 million overall limit set in the nineteenth resolution;
  - €500 million for debt securities. The nominal amount of capital increases resulting from issues effected pursuant to this delegation would also be counted towards the €1 billion nominal limit set in the thirteenth and fourteenth resolutions and the €2 billion overall limit for debt securities set in the nineteenth resolution.
- **Duration of authorization**: 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the nineteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Overview of limits on financial authorizations submitted for approval to the General Meeting on May 27, 2014

Nature of authorization	Resolution	Limit	Overall limit (19th resolution)	Preferred subscription rights maintained? (Yes / No)	Duration	Expiry date
Issue of shares with preferred subscription rights maintained	12th resolution	Equity securities: €200 million, i.e. around 19% of share capital Debt securities: €2 billion		Yes	26 months	July 27, 2016
Issue of shares through public offering with preferred subscription rights waived	13th resolution	Equity securities: €100 million, i.e. around 9% of share capital		No	26 months	July 27, 2016
Issue of shares through private placement with preferred subscription rights waived	14th resolution	Debt securities: €1 billion		No	26 months	July 27, 2016
Increase in the number of securities to be issued in the event of a capital increase pursuant to resolutions 12, 13 and/or 14	15th resolution	15% of initial issue	Equity securities: €200 million, i.e. around 19% of share capital Debt securities: €2 billion	Depends on the issue affected by over-allotment	26 months	July 27, 2016
Capital increase in favour of participants in employee share-ownership programs of the Company or Group	17th resolution	€25 million To be counted towards the €100 million limit (equity securities) set in resolutions 13 and 14		No	26 months	July 27, 2016
Issue of shares to provide consideration for in-kind contributions to the Company	18th resolution	Equity securities: 5% of share capital (€53,118,103) Debt securities: 500 million To be counted towards the €100 million (equity securities) and €1 billion (debt securities) limits set in resolutions 13 and 14		No	26 months	July 27, 2016
Renewal of the share buyback program	10th resolution	10% of share capital (€106,236,207)			18 months	Nov. 27, 2015
Reduction in capital stock by cancellation of shares	11th resolution	10% of share capital each 24-month period			26 months	July 27, 2016
Capital increase through incorporation of reserves, profit, premiums or other items	16th resolution	€100 million			26 months	July 27, 2016

A complete overview of currently applicable delegations and authorizations granted to the Board of Directors by the General Meeting as well as their use during the financial year can be found in chapter 10.2.1.1 of the Company's Registration Document.

Powers to effect formalities (20th resolution)

This resolution is customary and would allow your Board of Directors to proceed with all legally required filings, formalities and publications after the General Meeting of Shareholders called for May 27, 2014.

Made on March 5, 2014 by the Board of Directors

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2014

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements at December 31, 2013)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Company in the 2013 financial year, of the Chairman of the Board's report as scheduled to the management report; the auditor's report on the annual financial statements; and the auditors' report on the Chairman's report, shareholders approve the Company's financial statements at December 31, 2013 as presented, which show a net profit of €211,074,038.98, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Second Resolution (Approval of the consolidated financial statements at December 31, 2013)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Group in the 2013 financial year together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements at December 31, 2013 as presented, which show a net profit of €530.5 million excluding minority interests, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Third Resolution (Appropriation of earnings and determination of dividend)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' and auditors' reports on the annual financial statements, the shareholders:

1. Observe that the net book profit for the financial year ended December 31, 2013 amounts to €211,074,038.98;
2. Resolve to appropriate €10,553,701.95 of this net profit to the legal reserve;
3. Observe that, after this appropriation of €10,553,701.95 to the legal reserve and considering retained earnings from previous years amounting to €122,729,067.96, the amount available for distribution in respect of the 2013 financial year is €323,249,404.99;
4. Resolve to distribute a dividend to shareholders amounting to €1,05 per share, making a total amount of €278,690,989.50 on the basis of the number of shares making up capital stock at December 31, 2013 and after deduction of treasury shares held at this date; and
5. Resolve to appropriate the remaining distributable income, amounting to €44,558,415.49, to retained earnings.

It is specified that in the event of a change in the number of shares entitling holders to a dividend from the 265,590,517 shares making up capital stock at December 31, 2013, the total amount of dividends will be adjusted accordingly, and the amount appropriated to retained earnings shall be calculated on the basis of dividends actually paid.

The ex-dividend date on Euronext Paris is May 29, 2014 and the dividend referred to in paragraph 4 above will be made payable from June 3, 2014.

No dividends will be due on any shares that may be held by the Company itself at the dividend payment date or that have been cancelled before such dividend payment date.

Shareholders grant the Board of Directors all necessary powers to determine, considering in particular the number of own shares held by the Company at the dividend payment date and, if any, the number of shares cancelled before that date, the total amount of the dividend and, by the same token, the amount of distributable income to be appropriated to retained earnings.

It is specified that, pursuant to the applicable laws and regulations, the dividend is eligible in full for the 40% income-tax exemption provided for under Article 158-3-2e of the French Tax Code (*Code Général des Impôts*).

Shareholders note that dividends paid in respect of 2010, 2011 and 2012 financial years were as follows:

			Earnings distributed per share	
Financial year	Shares with dividend entitlement	Dividend per share	Eligible for the 40% income-tax exemption provided for under Article 158-3-2e of the French Tax Code	Not eligible for the 40% income-tax exemption provided for under Article 158-3-2e of the French Tax Code
2010	262,911,065 shares with a par value of €4	€0.88	€0.88	€0
2011	263,449,797 shares with a par value of €4	€0.93	€0.93	€0
2012	265,130,755 shares with a par value of €4	€1.00	€1.00	€0

Fourth Resolution (Renewal of the mandate as Director of Mr. Olivier Bazil)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the term of Mr. Olivier Bazil expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the date of the General Meeting of Shareholders called in 2018 to consider financial statements for the financial year ending December 31, 2017.

Fifth Resolution (Renewal of the mandate as Director of Mr. François Grappotte)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the term of Mr. François Grappotte expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the date of the General Meeting of Shareholders called in 2018 to consider financial statements for the financial year ending December 31, 2017.

Sixth Resolution (Renewal of the mandate as Director of Mr. Dongsheng Li)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the term of Mr. Dongsheng Li expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the date of the General Meeting of Shareholders called in 2018 to consider financial statements for the financial year ending December 31, 2017.

Seventh Resolution (Renewal of the mandate as Director of Mr. Gilles Schnepp)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the term of Mr. Gilles Schnepp expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the date of the General Meeting of Shareholders called in 2018 to consider financial statements for the financial year ending December 31, 2017.

Eighth Resolution (Opinion on compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders, consulted in accordance with the Afep-Medef Code of Corporate Governance of listed companies published on June 16, 2013 (paragraph 24-3) to which the Company refers pursuant to Article L. 225-37 of French Commercial Code (*Code de commerce*), issues a favourable opinion on the ingredients of pay due or attributed to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the financial year ended December 31, 2013, as set out in the 2013 Registration Document, Appendix 2 "Management report of the Board of Directors on March 5, 2014 to the Annual General Meeting scheduled on May 27, 2014", in the section entitled "Compensation components due or allocated to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, in respect of the 2013 financial year, submitted for shareholders opinion", presented by the Board of Directors in respect of the financial year ended December 31, 2013.

Ninth Resolution (Determination of directors' fees to be allocated to members of the Board of Directors)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and having been apprised of the report of the Board of Directors, the shareholders set at a maximum of €800,000 the amount of directors' fees to be allocated to the Board of Directors for the financial year beginning January 1, 2014 and for each of the following years, until decided otherwise.

Tenth Resolution (Authorization granted to the Board of Directors to allow the Company to trade in its own shares)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders:

1. Authorize the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, in accordance with Article L. 225-209 and following of the French Commercial Code, to purchase, or to have purchased, Company shares representing at most

10% of the Company's capital stock at the date of this Meeting, it being noted that, when shares are bought to ensure the market liquidity of Legrand shares under the conditions described below, the number of shares taken into account for the calculation of this limit of 10% will be the number of shares bought less the number of shares resold during the term of this authorization;

2. provide that shares may be bought, sold or transferred for the purposes of:

- ensuring the liquidity and active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Charter of Ethics recognized by France's Financial Markets Authority (*Autorité des marchés financiers*);
- implementing (i) any and all Company stock options plans in accordance with Articles L. 225-177 and following of the French Commercial Code, (ii) any and all Group employee share-ownership programs in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*) or to provide for free allotments of these shares for employee profit-sharing and/or in lieu of discount, (iii) any and all free share allotments pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code, and any and all share allotments for employee profit-sharing, as well as providing cover for such transactions at such times as the Board of Directors or the person acting on its behalf takes action;
- holding and subsequently transferring shares by way of exchange or payment relating to business acquisitions, it being specified that the number of shares acquired by the Company with a view to holding these and employing them at a later date as payment for or in exchange for a merger, demerger, or transfer of assets may not exceed 5% of the Company's capital stock;
- delivering shares on the exercise of rights attached to securities providing immediate or future access to the equity of the Company, through redemption, conversion, exchange, presentation of a warrant or in any other way;
- cancelling all or some of the shares so purchased, subject to the adoption by the meeting of the eleventh resolution below; or
- carrying out such other practices as may be permitted or recognized by law or by the Financial Markets Authority, or pursuing any other objective complying with applicable laws and regulations.

Shares may be purchased, sold, transferred or exchanged, directly or indirectly, in particular by any third party acting on behalf of the Company under the conditions provided by the last section of article L. 225-206 of the French Commercial Code, at any time within the limits authorized by laws and regulations, except at such times as Company shares may be the object of a tender offer, by any means, on or off any market, including through OTC transactions, trading in blocks of shares or public tender offers, or through the use of any financial instruments or derivatives, including option-based mechanisms such as purchases and sales of put and call options.

The maximum price paid for purchases may not exceed €60 per share (excluding acquisition expenses), it being noted that this price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allotments and/or share splits or reverse splits.

The maximum amount allowed for implementation of the share buy-back program is €500 million.

The application of this resolution may not at any time result in the number of own shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at the date considered.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to decide on the use and deployment of this authorization, and in particular to determine the conditions of such use, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the purposes allowed in compliance with law and regulations, to make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in general to take any useful or necessary action for the purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of Shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Eleventh Resolution (Authorization granted to the Board of Directors to reduce the capital stock by cancellation of shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, the shareholders authorize the Board of Directors, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, at its sole initiative and on one or several occasions, in such proportion and at such times as it deems appropriate, all or some of the Company shares purchased under share buyback programs authorized and deployed by the Company, and to reduce the capital stock of the Company by the total nominal amount of the shares thus cancelled, within a limit of 10% of the share capital at the date of this meeting in any period of twenty-four months.

The difference between the carrying amount of the cancelled shares and their nominal amount shall be allocated to reserves or premiums.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to set the terms for cancellation of the shares, to effect and recognize such cancellations and the corresponding capital reductions, to allocate the difference between the price paid for the cancelled shares and their nominal value to any reserves or premiums, to make the necessary amendments to the Company's articles of association, to make all necessary declarations to the French Financial Markets Authority, to effect all other formalities and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is granted for a period of twenty-six months from the date of this General Meeting of Shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

Twelfth Resolution (Delegation to the Board of Directors for the purpose of issuing ordinary shares or securities providing access to the Company's share capital or entitlement to debt securities, with preferred subscription rights maintained)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 *et seq.* (in particular Article L. 225-129-2) and Article L. 228-91 *et seq.*:

1. Delegate to the Board of Directors the power to provide for the issue, the preferred subscription rights of shareholders being maintained, of ordinary shares and of securities giving access to ordinary shares of the Company or entitlement to the allocation of debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, it being provided that this delegation may allow one or several such issues, in France or in other countries; in euros, in other currencies or in any monetary unit based on a basket of currencies; in such amounts and at such times as it will determine, in accordance with applicable laws and regulations;
2. Resolve that the securities so issued may carry warrants providing entitlement to the allotment, purchase or subscription of bonds or other debt securities, or provide for the right of the Company to issue debt securities (fungible with other issues or not) in lieu of interest payments that the Company may have suspended;
3. Determine that the total nominal amount of capital increases which may be effected pursuant to this delegation, immediately and/or in the future, may not exceed €200 million, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, it being stipulated that this amount will be included in the overall limit set in the nineteenth resolution;
4. Determine that the total nominal amount of bonds and other debt securities which may be issued pursuant to this delegation may not exceed €2 billion (or the equivalent of this amount if issues are made in a foreign currency or units of account), it being stipulated that this amount will be included in the overall limit on the issue of debt securities set in the nineteenth resolution;
5. Determine that shareholders may exercise their preferred subscription rights to the full with no reduction in allotments, subject to the conditions and limits established by the Board of Directors. The Board may also grant shareholders, in proportion to their subscription rights and within the limits of their applications, rights to subscribe to a number of ordinary shares or securities greater than that resulting from their irreducible rights but with allotments subject to reduction;
6. Observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full under their irreducible and, where applicable, reducible subscription rights, the Board of Directors may use, in compliance with Article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- freely allot all or part of the unsubscribed securities to such persons as it sees fit,
- offer to the public all or part of the unsubscribed securities;

7. Determine that any issue of warrants to subscribe to Company shares may be effected by either an offer to subscribe as provided above or by free allocation to the holders of existing shares, it being stipulated that, in the event of a free allocation of unattached warrants, the Board of Directors will have the power to decide that rights not representing a whole number of shares may not be traded and that the securities concerned are to be sold;
8. Recognize and determine that, insofar as this may be necessary, this delegation entails, without further process, the waiver, in favour of the holders of any securities carrying rights to subscribe to such Company ordinary shares as may be issued under this resolution, of shareholders' preferred rights to subscribe to the new ordinary shares to which these securities grant access;

9. Determine that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and conditions of issues, the form and specifications of the securities to be issued, the prices and the conditions of issue, the amounts to be issued, the terms of payment, the dates from which new securities carry rights, even with retroactive effect, and conditions for redemption where applicable; to suspend, if necessary, the exercise of rights to Company shares attached to the securities in accordance with applicable regulations; to make any adjustments as may be required as a result of changes in the Company's capital stock; to take such action as may be necessary to protect the rights of the holders of securities giving in the future access to Company shares; to make all appropriate charges to issue premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of the new share capital after each issue and for issue expense; and, in general, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the considered issue; and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

   In the event of issue of debt securities, the Board of Directors will have full powers, in particular to decide whether the debt is to be subordinated or not, to set the interest rate, the maturity, the redemption price, whether fixed or variable, with or without bonus, to define amortization terms in accordance with market conditions and to determine conditions under which securities may carry rights to Company shares;
10. Resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation so granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from this day, replaces the delegation provided for in the twelfth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Thirteenth Resolution (Delegation to the Board of Directors for the purpose of issuing, by means of public offers, ordinary shares or securities providing access to the Company's share capital or entitlement to debt securities, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148, L. 228-91, and L. 228-92:

1. Delegate to the Board of Directors the power to provide for the issue, by means of public offers, of ordinary shares and securities giving access to Company ordinary shares or entitlement to the allocation of debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, it being provided that this delegation may allow one or several such issues, in France or in other countries, in euros, in foreign currencies or in any monetary unit based on multiple currencies, and in such amounts and at such times as it will determine, in accordance with applicable regulations;
2. Resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation, immediately and/or in the future, may not exceed €100 million, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, it being further provided that the nominal amount of any capital increases which may be effected pursuant to this delegation is to be included (i) in the overall nominal limit of €100 million provided for in the fourteenth resolution put to this meeting, and (ii) in the overall limit provided for in the nineteenth resolution;
3. Resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency), it being stipulated that this amount will be included (i) in the total subject to the overall limit of €1 billion provided for in the fourteenth resolution put to this meeting, and (ii) in the overall limit provided for in the nineteenth resolution;
4. Resolve that issues pursuant to this delegation will be effected by means of public offers, it being further provided that these issues may also be effected in association with one or several issues within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and effected pursuant to the fourteenth resolution put to this meeting;

5. Resolve to waive shareholders' preferred rights to subscribe to the ordinary shares and other securities to be issued;

6. Determine however that the Board of Directors may confer on shareholders a priority right to subscribe, in irreducible proportion and, if so decided, with additional reducible rights, over a period that it is to determine in accordance with applicable laws and regulations, to all or part of the issue in accordance with Article L. 225-135, paragraph 2, of the French Commercial Code, such priority right not giving rise to negotiable rights;

7. Observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full, the Board of Directors may use, in compliance with Article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- freely allot all or part of the unsubscribed securities to such persons as it sees fit,
- offer to the public all or part of the unsubscribed securities;

8. Recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favour of the holders of any such securities carrying rights to subscribe to Company ordinary shares that may be issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities carry entitlement;

9. Resolve that:

- the issue price of ordinary shares will be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
- the issue price of securities providing access to the Company's share capital and the number of ordinary shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give right will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section;

10. Provide that the Board of Directors may, within the limits defined in paragraphs 2 and 3 above, issue various ordinary shares or securities providing access to the Company's share capital or entitlement to debt securities in consideration of the securities tendered in response to a public offer including a swap component (whether as the principal or a secondary component) initiated by the Company for the acquisition of the securities of a company whose shares are listed on a regulated market in accordance with Article L. 225-148 of the French Commercial Code, and subject to the reserves therein, in which case the stipulations regarding the price set out in paragraph 9 above do not apply, and waive, insofar as necessary, their preferred subscription rights to these ordinary shares or other securities in favour of the holders of these securities;

11. Resolve that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues (including exchange parities in the event of a public offer with a swap component initiated by the Company), the amounts to be issued (where applicable, depending on the number of shares tendered in response to a public offer initiated by the Company), the terms of payment, the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving in the future access to Company shares, to make all appropriate charges to issue premiums, and in particular charges for the amounts required to bring the legal reserve to one-tenth of the new share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the considered issues, and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

    In the event of issue of debt securities, the Board of Directors will have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable or with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to Company shares;

12. Resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and replaces, from this day, the delegation provided for in the thirteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Fourteenth Resolution (Delegation to the Board of Directors for the purpose of issuing, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) (private placement), ordinary shares or securities providing access to the Company's share capital or entitlement to debt securities, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 and L. 228-92:

1. Delegate to the Board of Directors the power to provide for the issue, by means of offers within the scope of section II of Article L. 411-2 of the French Monetary and Financial Code, ordinary shares and securities giving access to Company ordinary shares or entitlement to the allocation of debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, it being provided that this delegation may allow one or several such issues, in France or in other countries, in euros, in foreign currencies or in any monetary unit based on multiple currencies, and in such amounts and at such times as it will determine, in accordance with applicable regulations;
2. Resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation, immediately and/or in the future, may not exceed (a) €100 million (this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company), nor, in any event, (b) the legal limit (for purposes of illustration, this limit is currently 20% of the Company's capital stock (at the date of issue) by year), it being further provided that the nominal amount of any capital increases which may be effected, whether immediately or at some future date, pursuant to this delegation is to be included (i) in the overall nominal limit of €100 million provided for in the thirteenth resolution put to this meeting, and (ii) in the overall limit provided for in the nineteenth resolution;
3. Resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency); it being further provided that the total amount of debt securities issued pursuant to this delegation is to be included (i) in the total subject to the overall limit of €1 billion provided for in the thirteenth resolution put to this meeting, and (ii) in the overall limit provided for in the nineteenth resolution;
4. Resolve that issues pursuant to this delegation will be effected by means of offers within the scope of section II of Article L. 411-2 of French Monetary and Financial Code, it being further specified that these issues may also be effected in association with one or several public offers pursuant to the thirteenth resolution put to this meeting;
5. Resolve to waive shareholders' preferred rights to subscribe to the ordinary shares and other securities to be issued;
6. Observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full, the Board of Directors may use, in compliance with Article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- freely allot all or part of the unsubscribed securities to such persons as it sees fit,
- offer to the public all or part of the unsubscribed securities;

7. Recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favour of the holders of any such securities carrying rights to subscribe to Company ordinary shares that may be issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities carry entitlement;
8. Resolve that:

- the issue price of shares will be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of this average to allow for differences in the dates from which shares carry entitlements),
- the issue price of securities providing access to the Company's share capital and the number of shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give right will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;

9. Determine that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and by the Company's articles of association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues, the amounts to be issued, the terms of payment,

the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in the Company's capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving in the future access to Company shares, to make all appropriate charges to issue premiums, in particular for charges for the amounts required to bring the legal reserve to one-tenth of the new share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the considered issues, and to effect all formalities necessary for the issue, trading and financial services of the shares issued by virtue of this delegation and the exercise of rights attached to them.

In the event of issue of debt securities, the Board of Directors will have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable or with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to Company shares;

10. Resolve that the Board of Directors will have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's articles of association.

The delegation so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and replaces, from this day, the delegation provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Fifteenth Resolution (Power to increase the amount of issues made with preferred subscription rights maintained or waived in the event of excess demand)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, the power to decide, within the time allowed and up to the limits defined by laws and regulations applicable at the date of issue (for purposes of illustration, at the date of this meeting, within 30 days from the close of subscription, and not exceeding 15% of the initial issue and offered at the same price than the price offered with respect to the initial issue), to increase the number of securities to be issued in any issue with preferred subscription rights maintained or waived pursuant to the twelfth, thirteenth and/or fourteenth resolution put to this meeting, provided that this does not exceed the limit defined in the resolution under which the issue is made.

Shareholders grant all powers to the Board of Directors to implement, in the conditions stipulated by the applicable regulations, this delegation.

The delegation so granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and replaces, from this day, that provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Sixteenth Resolution (Delegation to the Board of Directors for the purpose of capital increases through incorporation of reserves, profit, premiums or other items which may be capitalized under applicable regulations)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. Delegate to the Board of Directors the power to decide an increase in the nominal amount of share capital on one or several occasions, in such proportions and at such times as it sees fit, by incorporation of reserves, profits, premiums or other items which may be capitalized under general law and Company articles, such increase taking the form of a free share allotment, or an increase in the nominal value of the existing shares, or a combination of the two;
2. Resolve that the total nominal amount of the capital increases made pursuant to this delegation may not exceed €100 million, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to Company shares; it being specified that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations of powers or authorizations conferred at this meeting;
3. Resolve that, in the event of a free share allotment, (i) rights not representing a whole number of shares may not be traded and that such shares are to be sold; it being stipulated that the proceeds of such sale will be allocated to holders of rights as provided by law and applicable regulations, and (ii) that shares to be allocated pursuant to this delegation for existing shares carrying double voting rights will benefit from this right from the date of issue;
4. Resolve that the Board of Directors will have all necessary powers with the right of sub-delegation as provided by law

and by the Company's articles of association to put this delegation into effect, and in particular to:

- determine the terms and conditions of the transactions authorized and in particular to define the amount and the nature of the reserves and premiums to be incorporated into capital, to determine the number of new shares to be issued or the amount by which the nominal value of existing shares making up the share capital is to be increased, and to determine the date from which new shares carry rights, even retroactively, or the date on which an increase in nominal value takes effect,
- take all appropriate action and enter into all agreements conducive to the successful conclusion of considered transactions, to make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of the new share capital after each issue and for issue expense; and, in general, to do all things necessary and effect all actions and all formalities required to finalize any capital increase that may be effected pursuant to this delegation and to make the relevant amendments to Company's articles of association.

This delegation conferred on the Board of Directors is valid for a period of twenty-six months from the date of this meeting and, from this day, replaces the delegation provided for in the seventeenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Seventeenth Resolution (Delegation to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favour of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders, in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labour Code and of Articles L. 225-129-2 to L. 225-129-6, L. 225-138-I, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code:

1. Delegate to the Board of Directors, with the right of sub-delegation as provided by law and the Company's articles of association, the power to issue shares and/or securities giving access to the Company's share capital, on one or more occasions and in such amounts and at such times as it will determine, with waiver of shareholders' preferred subscription rights, directly or through a company investment fund or any other structures or entities allowed under prevailing laws and regulations, in favour of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of Article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants are allowed by Articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation to restrict a capital increase under equivalent conditions);
2. Authorize the Board of Directors, in connection with such capital increase or increases, to allot shares or other securities giving access to the share capital without consideration, in lieu of the potential discount provided for in point 4 below and/or of any supplement granted to employees, subject to the limits provided for in Article L. 3332-21 of the French Labour Code;
3. Resolve that the total nominal amount of capital increases made pursuant to this delegation may not exceed €25 million, it being noted that this limit is before any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to Company shares, it being further stipulated that this amount will be included (i) in the overall nominal limit of €100 million provided for in the thirteenth and fourteenth resolutions put to this meeting, and (ii) in the overall limit provided for in the nineteenth resolution;
4. Resolve that the subscription price of the new shares will be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision, it being understood that the Board of Directors may reduce this discount if it deems it appropriate, in particular to comply with applicable national laws;
5. Waive, in favour of the aforementioned beneficiaries, shareholders' preferred subscription rights in respect of the securities which may be issued under this authorization, and waive all shareholder claims on such free shares or securities giving access to the share capital as may be allotted under this resolution;
6. Resolve further that, if the beneficiaries have not subscribed for the entire capital increase by the specified deadline, the increase will be effected only in the amount corresponding to the shares subscribed for, and unsubscribed shares may be re-offered to the affected beneficiaries as part of a subsequent capital increase;
7. Confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, that may in particular be necessary to:

- determine which participants or entities may benefit from the offer to subscribe and the maximum number of shares which may be subscribed by each beneficiary,
- decide whether subscriptions may be made through an investment fund or directly, in accordance with prevailing law and regulation and any other requirements,
- grant employees time to pay for their shares,

- set the opening and closing dates for subscription, the terms and deadline for payment of subscribed shares and the issue price of the securities,
- define all features of the securities providing access to the Company's share capital,
- decide on the number of new shares or other securities to be issued,
- decide upon and take, following the issue of the shares and/or securities giving access to these shares, any action that may be necessary to protect the rights of holders of securities that giving access to the Company's share capital in accordance with applicable laws and regulations, and if necessary with applicable contractual stipulations; and if necessary to suspend the exercise of rights attached to these securities in accordance with applicable laws and regulations,
- recognize resulting capital increases,
- make the necessary amendments to the Company's articles of association,
- make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense,
- and, in general, do everything that may be useful and necessary under applicable laws and regulations, and in particular to take any action necessary to arrange for admission to trading of the newly created shares.

This delegation conferred on the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from this day, replaces the delegation provided for in the tenth resolution at the Combined Ordinary and Extraordinary General Meeting of May 24, 2013, insofar as this has not already been used.

Eighteenth Resolution (Delegation to the Board of Directors for the purpose of issuing ordinary shares or other securities providing access to share capital as consideration for contributions in kind to the Company, with preferred subscription rights waived in favour of the holders of the shares or other securities constituting the contributions in kind)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, and being apprised of the Board of Directors' report and the auditor's special report, pursuant to Article L. 225-147 paragraph 6 of the French Commercial Code, shareholders delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, all necessary powers to issue ordinary shares and securities providing access to the share capital of the Company, within the limit of 5% of share capital at the date of issue, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital when the provisions of Article L. 225-148 of the French Commercial Code are not applicable.

The nominal amount of the capital increases which may be effected pursuant to this delegation is to be included in (i) the nominal limit of €100 million provided for in the thirteenth and fourteenth resolutions put to this meeting, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company and (ii) the overall limit provided for in the nineteenth resolution put to this meeting.

The total nominal amount of debt securities issued pursuant to this delegation may not exceed €500 million (or the equivalent of this amount at the issue date if issues are made in a foreign currency). Further, the total nominal amount of debt securities issued pursuant to this delegation is to be included in (i) the total subject to the limit of €1 billion provided for in the thirteenth and fourteenth resolutions put to this meeting, and (ii) the overall limit on debt securities provided for in the nineteenth resolution.

If use of this delegation is to be made, the Board of Directors will consider the report of one or several contribution auditors as referred to in Article L. 225-147 of the French Commercial Code.

Shareholders resolve to waive, in favour of the holders of the securities constituting the contributions in kind, the preferred subscription right of holders of shares to ordinary shares or other securities so issued, and observe that this delegation incorporates a waiver by holders of ordinary shares to the preferred right to subscribe to ordinary shares of the Company to which the securities that would be issued under this resolution would entitle them.

Shareholders grant to the Board of Directors all powers necessary to put this delegation into effect, in particular to approve valuations of contributions and, relating to such contributions, to recognize their effects, charge all expense, costs and fees to premiums; to set the number, form and features of securities to be issued; to recognize the increases in capital and make relevant amendments to Company's articles of association; to arrange for trading of the securities to be issued; to make all appropriate charges to contribution premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of new share capital after each issue and for issue expense and, in general, to take all relevant initiatives, enter into all agreements, request any authorizations, effect all formalities and take any action necessary to ensure the satisfactory performance of issues.

The delegation so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from this day, replaces the delegation provided for in the nineteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, insofar as this has not already been used.

Nineteenth Resolution (Total limit on delegations of power under the twelfth, thirteenth, fourteenth, fifteenth, seventeenth and eighteenth resolutions)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders define as follows the total limits on issues that may be made pursuant to the delegations of powers to the Board of Directors under the twelfth, thirteenth, fourteenth, fifteenth, seventeenth and eighteenth resolutions put to this General Meeting:

- the total nominal amount of capital increases resulting from the issue of shares and securities providing access to share capital may not exceed €200 million, this being however subject to such increase as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company;
- the total nominal amount of bonds or other debt securities issued may not exceed €2 billion or the equivalent if an issue is made in a foreign currency or units of account.

Twentieth Resolution (Powers to effect formalities)

Shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to effect all legally required filings, formalities and publications.

Designed & published by Labrador +33 (0)1 53 06 30 80

Registered at
128, avenue de Lattre de Tassigny
87045 Limoges Cedex
France
Tel.: +33 (0)5 55 06 87 87
Fax.: +33 (0)5 55 06 88 88

www.legrand.com