

**Combined Ordinary and Extraordinary Meeting of Shareholders, May 27, 2020****Answer to shareholders' written questions**

On May 9, 2020, the Board of Directors received the following twelve questions from a shareholder.

This document, made available on the company's website on May 27, 2020 in accordance with the law, contains the responses to those questions.

**Environment**

**1. Please list your activities that are incompatible with the Paris Agreement (i.e. a climate scenario intended to keep the global temperature increase well below 2°C and maintaining efforts to limit the increase to 1.5°C)? What actions are you taking to withdraw from those activities in 2020?**

(This topic is covered on page 107 of the Universal Registration Document)

The Group has long been committed to i) limiting its own greenhouse gas emissions and ii) marketing systems that enable customers to reduce their CO<sub>2</sub> emissions.

i) Limiting greenhouse gas emissions

Legrand's industrial activities mainly consist of assembly and processing work, which means that its energy consumption is low. Its main sources of CO<sub>2</sub> emissions are heating and lighting for production units.

Scope 1 and Scope 2 emissions, which directly relate to the Group's own activities, totaled 168,000 tonnes in 2019.

Legrand has already started to transition to a business model with low CO<sub>2</sub> emissions. Accordingly, for many years now, the Group has made a series of major commitments to combat climate change.

The Legrand Group's strategy to reduce CO<sub>2</sub> emissions was validated in 2018 by the Science Based Targets initiative, which gave scientific confirmation that its commitment was in line with the Paris Agreement.

The strategy aims to reduce Scope 1 and 2 greenhouse gas emissions by 30% between 2016 and 2030. At the end of 2019, the Group was ahead of the curve in this respect.

ii) Avoiding CO<sub>2</sub> emissions through our energy efficiency offering

Because buildings are responsible for 35% of energy consumption and 40% of CO<sub>2</sub> emissions (global data, source: International Energy Agency), reducing their energy consumption is a major part of efforts to combat global warming.

Installing equipment to improve energy efficiency in buildings is therefore a priority for Legrand. The aim is to reduce customers' CO<sub>2</sub> emissions through solutions that allow them to consume energy more efficiently:

- energy consumption measurement and monitoring solutions;
- connections for photovoltaic panels and electric vehicle charging solutions;
- energy-efficient transformers and busbars;



- uninterruptible power supplies (UPSs) and photovoltaic inverters;
- detection and lighting management solutions;
- energy-efficient solutions for datacenters.

Since 2014, the Group's energy-efficient solutions have avoided, in aggregate, a total of 7 million metric tons of CO<sub>2</sub> emissions.

In summary, all of our activities are compatible with the Paris Agreement and many of our products help our customers to address the same issues.

## **2. How are your capex and development plans aligned with a Paris Agreement-compatible climate scenario?**

As previously mentioned (1.i), the Legrand Group's CO<sub>2</sub> emissions arise mainly from heating, lighting, industrial processes (particularly injection molding), and the vehicle fleet. Modernization and/or transition plans are underway as part of the Legrand Group's aforementioned strategy of reducing CO<sub>2</sub> emissions.

Legrand's development plans include developing and marketing products that help make buildings more energy-efficient: automatic lighting management systems, smart thermostats, highly energy-efficient transformers etc.

## **3. How do you assess the impact of your activities on global and local ecosystems (e.g. biodiversity)? What are your 5 main impacts on those ecosystems (positive and negative)?**

Legrand's activities have no direct impact on soil or biodiversity. The majority of the Group's production sites are located inside business or industrial zones that are subject to specific regulations. The Group is aware of soil pollution risks and has taken prevention measures.

Legrand attaches great importance to the concept of embodied biodiversity. Embodied biodiversity is understood as the cumulative impact on ecosystems and biodiversity over the entire lifecycle of a material or product: extraction of raw materials, manufacturing, transportation, implementation, use and end-of-life. Each of these stages is capable of affecting the environment (e.g. destruction of species or natural habitats, consumption of resources, various forms of pollution and GHG emissions).

Embodied biodiversity is assessed on the basis of PEPs<sup>1</sup> (Product Environmental Profiles), for which there are numerous impact indicators, such as air or water toxicity, which enable an estimate to be made of the potential harm to biodiversity (damage indicators).

Legrand's approach also involves preventing environmental risks and improving the performance of its sites.

To that end, the Group's policy is to certify all production, logistics and R&D sites.

The introduction of an ISO 14001-compliant Environmental Management System has two main consequences:

- it determines the site's Significant Environmental Aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and environmental risks in general;
- it has led to a continuous improvement process.

SEA analysis shows the extent of the following main impacts:

- CO<sub>2</sub> emissions;
- soil pollution;
- Volatile Organic Compound emissions;

---

1. PEPs are documents designed to provide transparent and comparable information about a product's environmental impact over its lifetime. In 2019, products representing 62.3% of the Group's revenue were covered by PEPs.

- water consumption.

Prevention, control and reduction arrangements are made for all of these identified SEAs.

### Social

#### **4. The coronavirus crisis will seriously weaken the economy, and SMEs in particular. Is your group considering changing supplier payment terms and if so, how and in which geographical regions?**

The Group has undertaken to comply strictly with its contractual supplier payment times. It is paying particular attention to SMEs and strategic suppliers. Exceptional arrangements may be made in specific cases.

#### **5. How is your company preparing its employees for the 21st-century transitions that are disrupting your industry?**

The Group's priorities are:

- developing its employees' digital skills so that they are more able to adapt to the major changes taking place in the Group's business areas, in terms of both products (connected solutions) and internal and external processes. In particular, it is doing this through training and, where necessary, by recruiting people with skills that complement those that already exist within the Group (including via acquisitions);
- helping its teams to adapt to other transformative changes in the industry and within Legrand: developing new verticals (sustainable buildings, security, assisted living etc.) partly through forward-looking skills management; shortening the product development cycle (for example by using "agile" methods); dealing with the increasing complexity of the product range (for example by deploying a set of best practices known as the "Legrand Way" across the whole Group); making the Group more international (for example through language learning and setting up international career pathways) etc.;
- strengthening equal opportunities and diversity within the Group, which help it to address its wide variety of markets and client profiles more effectively. In October 2019, Legrand published its Diversity and Inclusion policy and committed publicly to promoting gender equality, the inclusion of disabled people, inter-generational collaboration and social and cultural diversity, and to combating discrimination against LGBT+ people.

#### **6. Do you have a definition of a "decent wage" that is not limited to the statutory local minimum wage?**

**If so, what is it? How does your company ensure that employees receive a decent wage, particularly in the main countries in which it operates?**

The Group has not formally developed a definition of a "decent wage".

As stated in the Universal Registration Document (page 135), 98.6% of non-managerial employees receive more than the minimum wage.

We would also emphasize the Serenity On program, which was launched in 2017. The program aims to ensure minimum welfare entitlements aligned with international best practice, for all employees worldwide:

- Maternity: 14 weeks of maternity leave during which mothers receive 100% of gross basic salary;
- Paternity: 5 days during which fathers receive the equivalent of 100% of gross basic salary;
- Healthcare: coverage of costs relating to hospital stays and surgery; and
- Death and disability: benefits for the employee's family equal to at least one year of gross basic salary.

The coverage rate was 83% at end-2019, in line with the target of covering 95% of staff members in 2021.

**7. Do your incentive plans for employees in France take into account environmental and social criteria? If so, how and to what extent?**

Current incentive plans do not take into account CSR criteria. The plans are valid until the end of 2020 and will be renegotiated in the first half of 2021. The matter can therefore be addressed early next year.

**8. As regards employee savings plans, how many of the funds involved have responsible investment labels (CIES, Finansol, Greenfin, ISR)?**

Overall, Legrand offers employees 8 funds as part of its employee savings/retirement savings plans, including two “Legrand” funds (Legrand shares and bonds).

Of the six non-Legrand funds, two have CSR labels:

- Multipar Solidaire Dynamique Socialement Responsable, which has three labels: ISR + CIES + FINANSOL; and
- BNP Paribas Perspectives (retirement savings plan), which has two labels: ISR + CIES.

The funds without CSR labels are:

- Multipar Monétaire Euro (money-market fund);
- Multipar Europe Dynamique (BNP Paribas equity fund);
- Arcancia Harmonie (Société Générale equity fund); and
- HSBC EE Actions France (HSBC equity fund).

Overall at end-2019, a third of the non-Legrand funds offered had CSR labels and 12% of assets under management were in those labelled funds.

### **Governance**

**9. Is the breakdown of tax by country discussed by the Board of Directors as a whole and/or by its Audit Committee? Are you considering making the results of those discussions public?**

The Group’s governance regarding tax matters is described in note 4.2.3.4 of the Universal Registration Document. Responsibility for tax matters lies primarily with the Group Tax Department, which ensures that the Group complies with the applicable rules and laws in the main countries and checks overall compliance with the Group policy defined in accordance with OECD rules.

The Group Tax Department and local experts have undertaken to refrain from using aggressive tax strategies disconnected from operational reality or artificial tax arrangements, and the Group’s average corporate income tax rate was around 28% in 2018 and 2019.

Material tax items and any disputes and regulatory developments relating to tax are examined every quarter with the Finance Department and every year with General Management. The main matters are also shared with the Audit Committee at each quarterly publication, and the Audit Committee reports on the results of its work to the Board of Directors.

The breakdown of tax by country is reviewed in detail by the Group Tax Department, enabling it to detect any discrepancies in tax expense or in the breakdown of earnings by country. The conclusions of the review are shared with the Group Finance Department. The Audit Committee reviews the breakdown of tax by geographical zone at the time of each publication.

The Group, as part of its tax obligations, submits a country-by-country report (CBCR) every year to the French tax authorities. In states in which exchange of information is not operational, the Group submits a CBCR to the local tax authorities. Those reports are sent only to the tax authorities.

**10. Does the Board of Directors examine social cohesion problems arising from pay gaps, and is there a particular policy to address them?**

The CEO's total annual compensation is determined by the Board of Directors, upon a proposal from the Compensation Committee, in line with the responsibilities and duties assumed by the CEO and related to that role, as provided for by law and the Articles of Association. Compensation depends on the CEO's level of responsibility and experience, market practices among CAC 40 companies and any changes in the CEO's role and responsibilities. To assess whether the compensation is fair, the Compensation Committee and Board of Directors review the CEO pay ratio (presented on page 226 of the Universal Registration Document) when determining the CEO's compensation.

In addition, in accordance with the Afep-Medef Code of Corporate Governance, the Board of Directors makes sure that long-term compensation methods are not only intended to encourage managers to act with a long-term view but also to help retain them and ensure their interests are aligned with the corporate interest and the interests of shareholders.

**11. Does the Board of Directors discuss the policy for ensuring gender equality in terms of compensation, career progression, access to positions of responsibility and targets?**

In accordance with article L. 225-37-4(6) of the French Commercial Code and sections 1.7 and 7 of the Code of Corporate Governance to which Legrand refers, the policy to ensure gender equality is discussed regularly by the Board of Directors and annually by the Strategy and Social Responsibility Committee. It is presented in the corporate governance report and described in section 6.1.4.5 of the Universal Registration Document (page 197).

The commitments and achievements have been made public in the Group's 2019 Declaration of Extra-Financial Performance approved by the Board of Directors and are detailed in section 4.4.3 of the Universal Registration Document (pages 102-105).

The Group's HR policy, which was the subject of a presentation during the Board of Directors' annual seminar in 2019, is presented alongside targets that are subject to regular operational monitoring. The Group actively encourages increased female representation in its management, including by ensuring that women are involved in internal/external recruitment processes. GEEIS (Gender Equality European and International Standard) certification is being sought for these processes, with the aim of strengthening them further. The Group also guarantees equivalent employment terms for men and women (for more details, see Priority 12 of the CSR roadmap on encouraging diversity at work in chapter 4 of the Universal Registration Document).

**12. Do you intend to publish the opinion of staff representative bodies regarding your group's Declaration of Extra-Financial Performance?**

The Group's Declaration of Extra-Financial Performance (DEFP) is presented in Chapter 4 of the 2019 Universal Registration Document.

The Group's integrated strategy is based on collaboration with stakeholders (employees and union representatives, suppliers, customers, shareholders and others). The DEFP is examined and approved by the Board of Directors, whose members include a director representing employees and in whose meetings four representatives of the Central Workforce Relations and Economic Committee take part. The DEFP therefore reflects the results of implementing the strategy.

The 2019-2021 CSR roadmap and information about the implementation of the duty of care plan have been presented to staff representatives.

#### KEY FINANCIAL DATES:

- General Meeting of Shareholders (behind closed doors): **May 27, 2020**
- Ex-dividend date: **June 1, 2020**
- Dividend payment: **June 3, 2020**
- 2020 first-half results: **July 31, 2020**  
“Quiet period<sup>1</sup>” starts July 1, 2020
- 2020 nine-month results: **November 5, 2020**  
“Quiet period<sup>1</sup>” starts October 6, 2020

#### ABOUT LEGRAND

*Legrand is the global specialist in electrical and digital building infrastructures. Its comprehensive offering of solutions for commercial, industrial and residential markets makes it a benchmark for customers worldwide. Drawing on an approach that involves all teams and stakeholders, Legrand is pursuing its strategy of profitable and sustainable growth driven by acquisitions and innovation, with a steady flow of new offerings—including Eliot\* connected products with enhanced value in use. Legrand reported sales over €6.6 billion in 2019. The company is listed on Euronext Paris and is notably a component stock of the CAC 40 index (ISIN code FR0010307819).*

<https://www.legrandgroup.com>



*\*Eliot is a program launched in 2015 by Legrand to speed up deployment of the Internet of Things in its offering. A result of the group’s innovation strategy, Eliot aims to develop connected and interoperable solutions that deliver lasting benefits to private individual users and professionals.*

<https://www.legrandgroup.com/en/group/eliot-legrands-connected-objects-program>

#### Investor relations

Legrand  
Ronan Marc  
Tel: +33 (0)1 49 72 53 53

[ronan.marc@legrand.fr](mailto:ronan.marc@legrand.fr)

#### Press relations

Publicis Consultants  
Vilizara Lazarova  
Tel: +33 (0)1 44 82 46 34  
Mob: +33 (0)6 26 72 57 14

[vilizara.lazarova@publicisconsultants.com](mailto:vilizara.lazarova@publicisconsultants.com)

<sup>1</sup> Period of time when all communication is suspended in the run-up to the publication of results.