

6.2 - COMPENSATION AND BENEFITS OF COMPANY OFFICERS

6.2.1 - Compensation policy for company officers in respect of 2021

The compensation policy for company officers in respect of 2021 was established by the Board of Directors in accordance with article L. 22-10-8 of the French Commercial Code, on the recommendation of the Compensation Committee.

It forms part of the report on corporate governance in Appendix 2 of this Universal Registration Document.

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

Objectives and principles of the compensation policy

In determining the compensation policy, the Board of Directors takes into account the following principles mentioned in the Code of Corporate Governance:

- comprehensiveness,
- balance between compensation components, comparability,
- consistency,
- understandability of the rules, and
- proportionality.

The Board of Directors ensures that the compensation policy is aligned with the Company's corporate interest and complies with the following principles:

- to be in line with market practice for comparable companies,
- to be tailored to the Company's strategy and context, and
- promote the Company's performance and its competitiveness in the medium and long term, while integrating criteria related to the social and environmental responsibilities.

The principles underpinning the compensation policy for company officers in 2021 remain essentially unchanged compared to 2020. Profitable, sustainable and responsible growth, value creation over the long term and taking into account all stakeholders' concerns, within a broad definition of the business, are central to the Company's compensation policy:

- total compensation should be balanced and consistent with the Company's business strategy;
- the compensation structure and, in particular, variable compensation based on financial and extra-financial performance, should be aligned with shareholders' interests and contribute to the completion of the Company's profitable, sustainable and responsible growth;
- performance criteria should be stringent and correspond to the key drivers of the Company's profitable, sustainable and responsible growth, and more generally be aligned with the Company's short- and long-term objectives;
- a significant proportion of variable compensation is based on the Company's performance relating to CSR;
- lastly, in keeping with its corporate interest, the compensation policy is simple and transparent and ensures a certain level of attractiveness for company officers without going beyond what is fair and acceptable to stakeholders.

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

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

Determination of the compensation policy

The Compensation Committee examines and makes proposals to the Board of Directors concerning all components of compensation, including its variable portion. To achieve this, it lays down the rules for setting this variable portion, while ensuring that these rules are consistent with annual assessments of executive officers' performance and with the medium-term strategy of the Company.

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

The compensation policy for company officers is established in accordance with standard practice at CAC 40 companies as determined by benchmarking. It is assessed annually by the Compensation Committee.

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

Regarding the performance criteria for long-term compensation, the first three performance criteria are the same as for all beneficiaries.

In addition, the Board of Directors, on the recommendation of the Compensation Committee, has integrated compensation criteria related to the employment conditions of the Group's employees into the targets for the qualitative portion of the Chief Executive Officer's variable compensation. Accordingly, in respect of the general criteria for the qualitative portion of the Chief Executive Officer's annual variable compensation, the following are assessed:

- measures to promote diversity and gender balance in the workforce,
- workforce-related initiatives and dialog.

Finally, each year, equity ratios between the Chief Executive Officer's compensation and that of the Company's employees, in accordance with Article L. 22-10-9 of the French Commercial Code, are presented to the Compensation Committee. They feature in section 6.2.2.4 of this Universal Registration Document.

Adjustments to the compensation policy

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

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

The most recent adjustment to the compensation policy for executive officers took place when the offices of Chairman and Chief Executive Officer were separated in 2018. As stated in section 6.2.1.3 of this Universal Registration Document, a reassessment of the Chief Executive Officer's compensation is scheduled for 2021.

Alteration of the compensation policy in respect of 2021

As regards the compensation policy applicable to the Chairman of the Board of Directors in respect of 2021, the Board of Directors on the recommendation of the Compensation Committee, decided to leave unchanged the compensation policy applicable to the Chairman of the Board of Directors.

As regards the compensation policy applicable to the Chief Executive Officer in respect of 2021, the Board of Directors of March 17, 2021, on the recommendation of the Compensation Committee, decided to increase the Chief Executive Officer's annual fixed compensation from €700,000 to €900,000 so that his compensation is consistent and reasonable with respect to the market. That increase corresponds to the increase initially planned in 2020 but not applied based on the proposal by Benoît Coquart to waive it because of the global health emergency and economic crisis caused by Covid-19 and the decision of the Board of Directors not to apply it.

As regards long-term compensation, the Board of Directors, based on a proposal by Mr. Coquart and in light of the global health emergency and economic crisis caused by Covid-19, had decided, in respect of the 2020 policy, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation). The target value for long-term compensation in respect of the 2021 policy was increased to 200% of annual fixed compensation, taking it back to the 2019 level.

As regards the compensation policy for directors, the Board of Directors of March 17, 2021, on the recommendation of the Compensation Committee, decided to adjust the rules for apportioning directors' compensation. That adjustment corresponds to that initially planned in 2020 but not applied because of the global health emergency and economic crisis caused by Covid-19.

Implementation of the compensation policy

The compensation policy is implemented by the Board of Directors in accordance with the resolutions passed by the Shareholders' Meeting. The Board of Directors, on the recommendation of the Compensation Committee, sets every year the targets for the variable compensation (annual and long-term) performance criteria.

Management of conflicts of interest

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

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

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

The first two criteria for the **quantifiable portion** of annual variable compensation are organic growth in sales and adjusted operating margin before acquisitions. They are aligned with the Company's public targets. They are usually announced to the market in February each year. The criteria are therefore transparent and measurable.

The third criterion for the quantifiable portion of annual variable compensation is related to Legrand's external growth. It is measured on the basis of sales growth resulting from changes in scope.

The fourth criterion for the quantifiable portion of annual variable compensation relates to the rate of achievement of the Group's CSR roadmap, which is audited by independent third parties.

The criteria for the **qualitative portion** of annual variable compensation are as follows:

- innovation and competitive position:
 - innovation and R&D (new products and industrial processes),
 - trend in sales generated by products under the Eliot program,
 - relative market shares trends;
- quality of external growth:
 - strategic fit of acquisitions completed,
 - quality of acquisitions pipeline,
 - emphasis on multiples paid,
 - quality of integration of acquisitions already completed,
- sustainable development and efforts to combat global warming:
 - initiatives to cut CO₂ emissions,
 - trend in sales generated by energy-saving solutions,
 - Legrand's inclusion in benchmark CSR indices,
 - new initiatives related to sustainable development;
- general criteria:
 - diversity and gender balance,
 - risk management,
 - workforce-related initiatives and dialog.

Achievement of the criteria for the qualitative portion of annual variable compensation is assessed by the Board of Directors based on the recommendation of the Compensation Committee, which forms its assessment using information provided by management.

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

The first two criteria for long-term compensation are the three year average of organic sales growth and adjusted operating margin before acquisitions. They are aligned with the Company's public targets. They are usually announced to the market in February each year. The criteria are therefore transparent and measurable.

The third criterion for long-term compensation is the rate of achievement of the Group's CSR roadmap over a three-year period. That rate is audited by independent third parties.

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

Criteria for apportioning the annual fixed allocation for directors

The criteria for apportioning compensation between directors are presented in section 6.2.1.4 of this Universal Registration Document.

Arrangements for applying the compensation policy in the event of a potential change in governance

In the event of a change in governance, and notably in the event of appointment of a new executive officer during 2021, the principles and components of compensation laid down in the compensation policy applicable for 2021 would also apply to the new office holder. The Board of Directors, on the recommendation of the Compensation Committee, reserves the right, to adjust the level and structure of compensation (in particular the fixed compensation) to the position of the relevant new executive officer and the responsibilities entrusted with the role.

Arrangements for applying the compensation policy in the event of exceptional circumstances

In the event of exceptional circumstances, in accordance with the second paragraph of Article L. 22-10-8(III) of the French Commercial Code, the Board of Directors may depart from application of the components of the compensation policy if certain conditions are complied with. This is provided that such deviation is temporary, in keeping with the corporate interest and necessary to safeguard the continued operation or viability of the Company.

The Board of Directors will decide on any adjustments to the compensation policy in exceptional circumstances, based on a proposal by the Compensation Committee, and they will be subsequently put to the vote in a Shareholders' General Meeting. Adjustments will have to be duly explained by the Board of Directors (after soliciting, where appropriate, the opinion of an independent consulting firm).

In 2020, the Board of Directors did not seek to make use of this power. However, based on a proposal by Benoît Coquart and in light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors had decided, in respect of the 2020 compensation policy, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation) and not to apply the increase in the Chief Executive Officer's fixed salary (from €700,000 to €900,000) initially planned. The criteria for short-term variable compensation and long-term compensation remained unchanged. As a result, performance for the year was assessed with respect to the sales and adjusted operating margin targets adopted and announced to the market in February 2020, i.e. before the global health emergency and economic crisis, and which were subsequently suspended.

6.2.1.2 COMPENSATION POLICY APPLICABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS IN RESPECT OF 2021

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

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

The Board of Directors may dismiss him/her at any time, without giving any notice. The term of office of the Chairman of the Board of Directors is equivalent to the term of his/her term as director, which is currently three years.

Ms. Angeles Garcia-Poveda was appointed as Chairwoman of the Board of Directors on July 1, 2020, replacing Mr. Gilles Schnepf. The current Chairwoman of the Board of Directors is not bound by any contract of employment or service agreement with the Company or any other Group company.

B – Compensation of the Chairman of the Board of Directors in respect of 2021

The annual fixed compensation of the Chairman of the Board of Directors is determined by the Board of Directors, upon a proposal from the Compensation Committee. It is determined in accordance with the principles stated in section 6.2.1.1 of this chapter, and in line with the

responsibilities and duties assumed by the Chairman of the Board of Directors. The elements taken into account in determining that compensation are as follows:

- the role of the Chairman of the Board of Directors in organizing and directing the work of the Board of Directors;
- the analysis, via market studies, of compensation practices with respect to non-executive chairmen of CAC 40 companies; and
- the skills and experience of the Chairman of the Board of Directors.

Accordingly, the Board of Directors decided at its meeting on March 17, 2021, and upon the recommendation of the Compensation Committee, that, as for 2020, the compensation structure of the Chairman of the Board of Directors in respect of 2021 would involve fixed compensation as the one and only compensation component. That decision has been made taking into account market practices and in accordance with the recommendations of the Code of Corporate Governance. The Board of Directors decided at its March 17, 2021 meeting that the annual fixed compensation of the Chairman of the Board of Directors would amount to €625,000 for 2021.

No other component of compensation is provided for in the compensation policy applicable to the Chairman of the Board of Directors. In other words, the compensation policy does not provide for any annual variable compensation, long-term compensation, compensation for serving as a director of the company, exceptional compensation, or obligation covered by Article R. 22-10-14 (6) and (7) of the French Commercial Code. In addition, the compensation policy does not provide for any sign-on bonus upon the appointment of a new Chairman of the Board of Directors.

6.2.1.3 COMPENSATION POLICY APPLICABLE TO THE CHIEF EXECUTIVE OFFICER IN RESPECT OF 2021

A – Term of office of the Chief Executive Officer

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

Mr. Benoît Coquart was appointed Chief Executive Officer effective February 8, 2018 for an indefinite term. He was also appointed as a director of the Company in the Shareholders' Meeting of May 27, 2020. The Chief Executive Officer is not bound by any contract of employment or service agreement with the Company or any other Group company.

B – Overall structure of compensation attributable to the Chief Executive Officer in respect of 2021

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

To ensure that the Chief Executive Officer's compensation is competitive, the main elements considered in determining the overall structure of that compensation are as follows:

- the Chief Executive Officer's key role in the conduct of the Group's business;
- the analysis, via market studies, of compensation practices with respect to executive officers of CAC 40 companies; and
- the skills and experience of the Chief Executive Officer.

The compensation structure has three components:

- annual fixed compensation;
- annual variable compensation linked to annual financial and extra-financial performance; and

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

To this end, the annual fixed compensation of the Chief Executive Officer is determined by the Board of Directors, upon a proposal from the Compensation Committee. It is determined in line with the responsibilities and duties assumed by the Chief Executive Officer.

In accordance with the Code of Corporate Governance, the Board of Directors ensures that the long-term compensation mechanisms should aim to encourage executives to act from a long-term perspective. It also ensures that the mechanisms aim also to retain executives and bring their interests into line with the corporate interest of the Group and with shareholders' interests.

The Board of Directors therefore wishes to place the emphasis on annual variable compensation and long-term compensation to help foster retention and to provide an incentive linked to financial and extra-financial performance.

The Board of Directors has therefore established the following compensation package for the Chief Executive Officer in 2021:

Component	Purpose and link with strategy	Operation	Amount/Percentage weighting of fixed compensation
Fixed	Provide compensation for the breadth and level of responsibility	<p>Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of:</p> <ul style="list-style-type: none"> ■ level of responsibility; ■ experience; ■ market practices of CAC 40 companies; ■ potential changes of role and responsibility. 	€900,000
Annual variable	Provide an incentive to achieve the Company's financial and extra-financial annual targets	<p>Determined by the Board of Directors, upon a recommendation from the Compensation Committee, according to strategic priorities, and based on:</p> <ul style="list-style-type: none"> ■ order of magnitude of variable compensation relative to fixed compensation; ■ annual objectives to be achieved; ■ type and weighting of performance criteria; ■ proportion of quantifiable and qualitative components. <p>Of which quantifiable (75%): structured so as provide an incentive for the achievement of specific and ambitious performance criteria:</p> <ul style="list-style-type: none"> ■ financial criteria (organic growth, adjusted operating margin before acquisitions, external growth); ■ extra-financial criteria (rate of achievement of the Group's CSR roadmap). <p>Of which qualitative (25%): structured so as to take account of the year's initiatives deployed to support growth, efforts to combat climate change, and risks management.</p>	<p>Minimum value: 0% of fixed compensation</p> <p>Target value: 100% of fixed compensation</p> <p>Maximum value: 150% of fixed compensation</p>
Long-term	<p>Spur higher long-term financial and extra-financial performance</p> <p>Retain and build loyalty over the long term</p>	<p>Determined by the Board of Directors, upon a recommendation from the Compensation Committee, according to strategic priorities, and based on:</p> <ul style="list-style-type: none"> ■ objectives to be achieved; ■ type and weighting of future performance criteria. <p>Determined after application of a presence condition and 4 demanding performance criteria (each counting for a 1/4) measured over three years:</p> <ul style="list-style-type: none"> ■ target for organic sales growth (3-year average of achievement rates); ■ target for adjusted operating margin before acquisitions (three-year average of achievement rates); ■ rate of achievement of the Group's CSR roadmap (3-year average of achievement rates); ■ Legrand share price performance as compared with the performance of the CAC 40 index (difference in performance measured over a 3-year period). 	<p>Minimum value: 0%</p> <p>Awarded value (target value): 200% of fixed compensation,</p> <p>Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria</p>

Implementation of the compensation policy for the Chief Executive Officer with respect to 2021

The Board of Directors, on the recommendation of the Compensation Committee, approved the following principles regarding the compensation policy for the Chief Executive Officer in respect of 2021.

- **Annual fixed compensation amounting to €900,000.**

This amount was determined by the Board of Directors in its March 17, 2021 meeting, on the recommendation of the Compensation Committee and based on compensation paid to executive officers of CAC 40 companies. The Chief Executive Officer's annual fixed compensation under the 2021 compensation policy was increased relative to the €700,000 awarded under the 2020 policy. The Board of Directors took into account the Chief Executive Officer's 2020 fixed compensation compared with benchmark levels among CAC 40 companies. The increase corresponds to the increase initially planned in 2020 but not applied following the proposal by Benoît Coquart to waive it and the decision by the Board of Directors in its April 10, 2020 meeting not to apply it given the global health emergency and economic crisis caused by Covid-19.

The amount of annual fixed compensation after the increase is slightly above the first decile of fixed compensation among CAC 40 companies, which the Board of Directors regards as reasonable given Legrand's position in that index.

- **Annual variable compensation, the target value of which was set at 100% of annual fixed compensation (three quarters quantifiable and one quarter qualitative).**

It may potentially range between 0% and 150% of fixed compensation, depending on the level of achievement of the quantifiable and qualitative criteria presented in the "Quantifiable performance criteria selected for annual variable compensation and target-setting method" section.

- **Long-term compensation in the form of performance share plans.**

As regards long-term compensation, the Board of Directors, based on a proposal by Mr. Coquart and in light of the global health emergency and economic crisis caused by Covid-19, decided, in respect of the 2020 policy, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed

compensation to 100% of 2020 fixed compensation). The target value for long-term compensation in respect of the 2021 policy was increased to 200% of annual fixed compensation, taking it back to the 2019 level.

As the case may be, this compensation will entitle the recipient to an award of shares. The number of shares can range thereafter between 0% and 150% of the initial award based on the level of achievement of four financial and extra-financial criteria measured on the basis of a three-year average. These criteria are detailed in the "Performance criteria selected for long-term variable compensation and target-setting method" in the present chapter.

The increase in the fixed component of compensation takes total target compensation to an amount situated between the first decile and first quartile among CAC 40 companies, which the Board of Directors regards as reasonable given Legrand's position in that index.

C – Determination of the calculation principles, criteria and weightings applicable to the annual and long-term variable compensation components attributable to the Chairman and Chief Executive Officer in respect of 2021

Annual variable compensation of the Chief Executive Officer in respect of 2021

The principles for calculating the annual variable compensation in respect of 2021 including the criteria applicable and their weighting, are shown in the table below. They were determined by the Board of Directors in its March 17, 2021 meeting, upon proposal of the Compensation Committee.

Under Article L. 22-10-34(II) of the French Commercial Code, payment of the annual variable compensation is contingent upon its prior approval by the Shareholders' Meeting (ex-post vote). The compensation policy does not provide for any possibility for the Company to claw back variable compensation paid once it has been paid.

The Board of Directors of March 17, 2021, on the recommendation of the Compensation Committee, decided to maintain unchanged the nature and weightings of quantifiable and qualitative criteria relating to annual variable compensation established for the 2020 financial year.

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

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

Criteria and targets for annual variable compensation for 2021

				Min	Target	Max	
Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation	Organic sales growth	2021 organic sales growth	As a % of fixed compensation	0%	15%	22.5%	
			Indicator value	1%	3.5%	6%	
	Operating margin	2021 adjusted operating margin (at 2020 scope)	As a % of fixed compensation	0%	40%	60%	
			Indicator value	19.2%	19.7%	20.2%	
	Acquisitions	2021 sales growth resulting from changes in scope	As a % of fixed compensation	0%	10%	15%	
			Indicator value	0%	5%	10%	
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	10%	15%	
			Indicator value	70%	100%	130%	
	TOTAL QUANTITATIVE				0%	75%	112.5%
	Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation	Innovation and market positions	<ul style="list-style-type: none"> • Innovation and Research & Development (new products and manufacturing processes). • Trend in sales generated by products under the Eliot program. • Relative market share trends. 		0%	10%	15%
Quality of external growth		<ul style="list-style-type: none"> • Strategic fit of acquisitions completed. • Quality of acquisitions pipeline. • Emphasis on multiples paid. • Quality of integration of acquisitions already completed. 		0%	5%	7.5%	
Sustainable development & efforts to combat global warming		<ul style="list-style-type: none"> • Initiatives to cut CO₂ emissions. • Trend in sales generated by energy-saving solutions. • Legrand's inclusion in benchmark CSR indices. • New initiatives related to sustainable development. 		0%	5%	7.5%	
General criteria		<ul style="list-style-type: none"> • Diversity and gender balance. • Risk management. • Workforce-related initiatives and dialog. 		0%	5%	7.5%	
TOTAL QUALITATIVE				0%	25%	37.5%	
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				0%	100%	150%	

Long-term compensation of the Chief Executive Officer in respect of 2021

In respect of 2021, the Chief Executive Officer is benefiting from a performance share plan (the “**2021 Performance Share Plan**”). Its implementation was decided upon by the Board of Directors at its meeting on March 17, 2021, on the recommendation of the Compensation Committee.

The initial award will be converted into performance shares in the meeting of the Board of Directors scheduled for May 26, 2021, at the end of the 2021 Shareholders’ Meeting. It corresponds to 200% of the target amount of annual fixed compensation, with a possible variation between 0% and 150% of the initial award based on future performance criteria.

The nature of performance criteria has remained unchanged compared to the 2020 compensation policy.

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

The **first two performance criteria** are aligned with the Company’s targets disclosed in February. These are

annual targets concerning organic sales growth and adjusted operating margin before acquisitions, which are central to Legrand’s profitable growth-based business model.

The **third criterion** is of an extra-financial nature, based on the fulfillment of the Group’s commitments in terms of corporate social responsibility within the framework of its CSR roadmap, which is central to Legrand’s model and aims to ensure sustainable growth while taking into account all stakeholders’ concerns.

The **fourth criterion** is based on performance of Legrand’s share price relative to the CAC 40 index. The principle of non-payment if the share price underperforms the CAC 40 index (as described in point 4 below) applies to this criterion.

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

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

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

1) Organic sales growth criterion

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

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

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

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

Determination of the 3-year target based on the 2021 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2021	Equal to 1%	Equal to 6%
Year 2: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
Year 3: 2023	Disclosed to the market in February 2023	Disclosed to the market in February 2023
3-year target: Average of annual targets	LR ⁽²⁾	UR ⁽³⁾

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

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

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

2) Adjusted operating margin before acquisitions criterion

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

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

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

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

Determination of the 3-year target based on the 2021 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2021	Equal to 19.2%	Equal to 20.2%
Year 2: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
Year 3: 2023	Disclosed to the market in February 2023	Disclosed to the market in February 2023
3-year target: Average of annual targets	LR ⁽²⁾	UR ⁽³⁾

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

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

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

3) Annual Group CSR roadmap achievement rates

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

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

4) Legrand's share price performance

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

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

(2) For the 2021 plan, the three-year performance will be measured over the 2021-2023 period with the following calculation method:

- Legrand stock market performance: comparison of the average daily closing prices of the second half of the third year of the plan (second half of 2023) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2020), i.e. €69.82;
- performance of the CAC 40 index: comparison of the average CAC 40 daily closing indices of the second half of the third year of the plan (second half of 2023) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2020), i.e. 5,102.9 points.

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

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

The vesting period for the Chief Executive Officer is three years. The (additional) holding period is two years. At the end of the vesting period of the performance shares awarded in 2021, the performance criteria and the condition of continuing service will be verified. As regards the condition of continuing service, the following rules are applicable:

- should the Chief Executive Officer resign during the vesting period, the shares initially awarded by the Board of Directors will not vest;
- should the Chief Executive Officer be dismissed, not be reappointed or retire during the vesting period, only part of the shares will vest, subject to the performance criteria on the date the vesting period ends, calculated in proportion to his length of service at the Company during the vesting period;
- in the event of death during the vesting period, the Chief Executive Officer's heirs may request that ownership of all shares that the Board of Directors initially awarded to the deceased Chief Executive Officer be transferred to them, in accordance with statutory arrangements, without waiting until the end of the vesting period;
- in the event that the Chief Executive Officer becomes permanently disabled, within the meaning of French law or that of his country of residence, he or she may, under French law, request that ownership of all shares that the Board of Directors initially awarded be transferred to him/her without waiting until the end of the vesting period.

Holding obligation

Pursuant to article L. 22-10-59 of the French Commercial Code specified in the Code of Corporate Governance, the Chief Executive Officer must retain in registered form a certain percentage, to be determined by the Board of Directors, of the shares awarded until his/her term of office ends. The Board of Directors decided that the Chief Executive Officer will be required to hold at least 30% of all performance shares acquired under performance share plans until his term of office ends.

Undertaking not to put in place any hedging transactions

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

C – Other compensation components

Compensation for duties as a director of the Company and for directorships at other Group companies

No compensation is awarded to the Chief Executive Officer for serving as a director of the Company.

Exceptional compensation

There are no plans to award exceptional compensation.

Undertakings governed by Article L. 22-10-9(I)(4) of the French Commercial Code

Pension plans

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

The Chief Executive Officer continues to benefit from the mandatory collective defined-contribution pension plan that falls within the scope of supplementary article 83 of the French General Tax Code (“**FGTC**”). The Chief Executive Officer was affiliated to that plan before his appointment as Chief Executive Officer, and he continues to benefit from it under the same terms as all other relevant employees.

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

For 2021, the Company’s contribution for the Chief Executive Officer would represent an amount of €2,468. This amount is given for information purposes only.

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

Termination benefits

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

Non-compete clause

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

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

If applied, the Chief Executive Officer’s fulfillment of this undertaking would result, for a one-year period after the end of his term of office, in the payment by the Company of monthly compensation. The latter would equal to the monthly average of the reference salary received during the last 12 months of employment by the Company. The reference salary includes the annual fixed and variable salary and excludes sums received as long-term variable compensation. Its amount is lower than the cap recommended by the Code of Corporate Governance.

Under Article R. 22-10-14(III) of the French Commercial Code, no compensation under this non-compete clause would be payable should the Chief Executive Officer decide to retire.

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

Incentive and profit-sharing plans

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

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

The Chief Executive Officer has the use of an executive car. The benefit in kind that this represents would amount to €6,135 for 2021. This amount is given for information purposes only.

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

For 2021, the Company’s contribution for Benoît Coquart is estimated at €6,666. This amount is given for information purposes only.

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

Sign-on bonuses

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

6.2.1.4 COMPENSATION POLICY APPLICABLE TO THE DIRECTORS IN RESPECT OF 2021

A – Directors' term of office

Directors are appointed by the Shareholders' Meeting for a term of office of three years, subject to the provisions of the Articles of Association concerning the age limit and the requirements laid down in law and the Code of Corporate Governance on multiple directorships. They may be reappointed subject to fulfilling the same requirements.

Directors may resign from their office at any time without giving any notice. Directors may be dismissed at any time by the Shareholders' Meeting without any notice. The duties of the director representing employees come to an end prematurely as a matter of course should his/her contract of employment be terminated.

B – Compensation applicable to the directors in respect of 2021

The Board of Directors apportions directors' compensation based on the recommendation of the Compensation Committee and on the total amount authorized by the Shareholders' Meeting. The total amount authorized by the Shareholders' Meeting of May 27, 2020, was €1,200,000. It will remain valid until a new resolution setting out a new amount is adopted by the Shareholders' Meeting.

It is reminded that the Chairwoman of the Board of Directors does not receive any compensation for serving as a director of the Company. The Chief Executive Officer also receives no compensation for serving as a director of the Company.

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

The apportionment of compensation between directors takes into account directors' actual attendance at meetings of the Board of Directors and of its Board committees. Additional compensation may be awarded, or exceptional compensation paid for specific duties, such as those of the Lead Director.

The Board of Directors has analyzed studies of compensation paid to directors of CAC 40 companies. On that basis and on the recommendation of the Compensation Committee, it decided, in its March 17, 2021, meeting, to adjust the rules for apportioning directors' compensation from 2021 as follows:

- €25,000 per year for the fixed portion of directors' compensation, to which is added €5,000 each time the director attends a Board meeting;
- €3,000 for each director who is also a member of a Board committee for each Board committee meeting he/she attends; and

- an additional €20,000 to the Chairman of the Audit Committee and an additional €10,000 to the Chairmen of the other Board committees.

These rules for apportioning directors' compensation are in line with the Code of Corporate Governance, which recommends that the variable portion of the compensation granted to directors should outweigh the fixed portion.

These changes to the rules on apportioning directors' compensation correspond to those initially planned in 2020 but not applied following the decision by the Board of Directors in its April 10, 2020, meeting, given the global health emergency and economic crisis caused by Covid-19.

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

With regard to the Lead Director and the specific duties this role entails, the Board of Directors has decided to award additional directors' compensation to the office holder. Its amount corresponds to one time the fixed portion of directors' compensation in respect of one year. Information regarding the Lead Director's duties is provided in section 6.1.2 of this Universal Registration Document.

In accordance with the Directors' Charter, which forms part of the internal rules of the Board of Directors, all directors must, during their terms of office, gradually acquire a number of shares equivalent to one year of their compensation. Directors must hold those shares in their personal capacity. Annual compensation is calculated as follows:

- a director is assumed to take part, in a given year, in all meetings of the Board and Board committees of which he/she is a member, and
- the unit value per Legrand share is taken to be the average market share price in the last full financial year.

The minimum number of shares that a director must hold in his/her personal capacity and retain throughout his/her term of office is 500 shares.

Lastly, each director is entitled to the reimbursement of travel expenses incurred in performing his/her duties, subject to the upper limits laid down in the policy applicable within the Company and provided the expense claims are supported by receipts.