

## Modern slavery statement for financial year 2016

This statement is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that Legrand Electric Ltd has taken and is continuing to take to ensure that modern slavery or human trafficking is not taking place within our business or supply chain.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. Legrand Electric Ltd has a zero tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

### Our business

Legrand is the global specialist in electrical and digital building infrastructures, with facilities in almost 90 countries and products sold in nearly 180 countries around the world.

Legrand began manufacturing in the UK in 1980, and today has three core competencies – mechanical, electrical and electronic. Around 85 per cent of products sold by the UK and Ireland subsidiary are manufactured within the UK and over 50 per cent of its products now feature an electronic/digital element. In 2015 Legrand celebrated 35 years of manufacturing in the UK.

The UK and Ireland subsidiary is organised into the following specialist business units: Assisted Living and Healthcare, Cable Management, Data Centres, Energy Controls, Power Distribution and Wiring Devices. It employs over 700 employees across the business and has over 800 external suppliers. In addition, products and systems are purchased from Legrand's subsidiaries around the world.

### Risk management

Risk management is key to the management of the operations and contributes to the achievement of targets. It involves managing internal and external environments linked to the business in accordance with an acceptable risk limit. Risks are by definition dynamic and can change depending on the context or operations.

Risk management is therefore a permanent exercise under the responsibility of all managers. At Group level, a dedicated governance framework has been put in place, with a risk committee chaired by Management, and operational risk committees in some functions. The Group Audit committee is charged with assessing the organization and effectiveness of the mechanism. The approach is based on identifying and ranking risks, then defining and managing risk mitigation mechanisms. The probability or impact of the occurrence of risks can be reduced either actively through prevention or risk treatment or passively in case of a natural or structural drop in the risk associated with the Group's operations.

The risk control mechanisms put in place notably include organizational components (a manager appointed for each risk, dedicated teams for certain topics), training, outsourcing or risk coverage solutions (sub-contracting, insurance), specific governance (committees or dedicated bodies, reporting, indicators) and processes for managing risks in daily operations as well as regular monitoring (audits).

Major risks identified through mapping are those that are likely to significantly impact strategy, operations, financial position or reputation and are structured around four topics.

### Our own business

The Group complies with regulations in force in the countries in which it operates. Regardless of the local context, Legrand refers to voluntary principles and standards of responsible behaviour with regard to Human Rights, in particular: the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration, particularly the eight

conventions on the fundamental principles and rights at work, the Global Compact's principles for Human Rights and labour standards, the UN Guiding Principles on Business and Human Rights (John Ruggie report), which recommends a three-pronged approach: protect, respect and remedy.

All of the above rules provide a structural framework for Legrand's policy.

In all its host countries, Legrand is committed to the progress of rights and to ensuring a legal and human framework for the workplace, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour, elimination of discrimination in employment and occupation, and preservation of health and safety. Where necessary, the Group undertakes to:

- remedy rights violations against employees on its sites;
- eliminate all forms of forced or compulsory labour and child labour;
- eliminate discrimination with respect to employment and occupation;
- preserve health and safety at work.

We operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

- **Respecting Human rights**

Matters related to Human Rights are jointly managed by the Sustainable Development Department and the Human Resources Department at Group level.

A specific priority in the Corporate and Social Responsibility ("CSR") roadmap 2014-2018, included in the Employees Focal point, relates to Human Rights. Since 2012 Legrand has mapped threats to Human Rights at work. It classifies 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 a majority of the Group's workforce was based in "free" countries.

A self-assessment based on the methodology of the *Danish Institute For Human Rights* has been rolled out to the Group's countries considered not free or partially free.

The aim of these self-assessments is to estimate compliance with fundamental rights at work in the countries identified. We operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner.

- **Acting ethically**

One of the basic tenets of Legrand's social responsibility is to abide by ethical principles. This approach covers issues such as the prevention of corruption and fraud, respect for competition rules, avoidance of conflicts of interest, and compliance with trade embargoes, as well as the fight against money laundering and the financing of terrorism. Legrand engages with all of these issues through employee awareness and training, and by ensuring that its compliance program is properly implemented.

Two dedicated priorities within the CSR roadmap 2014 – 2018 are dedicated to compliance and ethics:

- Have an additional 3,000 employees trained in business ethics (anti-corruption, fraud prevention, compliance with competition rules, conflicts of interest, etc.).
- Specific instructions are conveyed to the Group's country chief financial officers or Compliance Officers via intranet and webcasts in order to encourage employees to embrace their role and responsibilities in the context of the deployment of the compliance program and the prevention of corruption in their country. Special training webcasts prepared with guidance from specialized lawyers are held on the risks of corruption and on competition law. These

are intended for ethics representatives, compliance officers, the various functional departments, SBUs (strategic business units), and any other person considered exposed to these risks, especially in the context of the deployment of the Group's compliance program.

- To cover 100% of Group sales through a compliance program monitoring scheme.

Every country director has signed a letter of commitment pledging support for the Compliance program.

Coordination of this compliance program is entrusted to an internal, multidisciplinary committee, meeting on a quarterly basis under the supervision of the Group's Legal Department. Its two main tasks consist of defining core areas of concern, and monitoring the results of these actions. Cases of non-compliance may also be referred to this committee. This Compliance Committee reports annually on its work to the Group Risk Committee, which reports to the Audit Committee and the Board of Directors.

The compliance risk analysis is included in Legrand's overall risk map, each risk being assessed on the basis of an occurrence / impact matrix.

- **Whistleblowing policy**

Employees and third parties also have access to a "whistleblowing hotline", which they can use to inform the Group's ethics officers (the Group Executive VP Legal Affairs and the Group Director of Human Resources) anonymously of any transgression of the Group's ethics rules.

### **Our supply chain – Ensuring responsible purchases**

Faced with market globalization, Legrand works with suppliers that have potentially different social and environmental practices. The Group Purchasing Policy establishes the principles of sustainable, balanced and mutually beneficial relations with suppliers that uphold Legrand's values.

Legrand's responsible purchasing strategy is based on the principle that the Group's ethical, environmental and social rules also apply to its suppliers and subcontractors, who are selected and managed in accordance with those rules. As such, Legrand expects its suppliers to adhere to the same standards of responsibility as it does. For example, Legrand encourages the Group's suppliers to respect the Global Compact's principles. Approximately 60% of the Group's panel purchases are from suppliers that embrace these principles. Overseen by a matrix-type Purchasing Department, the Group's purchasing policy – which is ISO 9001 certified – is implemented worldwide by the purchasing function present in each of the Group's entities, maintaining proximity with internal customers, departments and Strategic Business Units (SBUs).

In Legrand Electric Ltd, a review has been made of all suppliers. The vast majority of the company's suppliers are located in the UK and Europe. The company also purchases products from fellow Legrand subsidiaries based outside of Europe. A very small percentage of external suppliers are based in China.

One priority of the Group CSR roadmap 2014-2018 is dedicated to support 100% of sensitive suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics.

Our procedures include the following steps:

- Involving and training buyers:

Parties involved in supplier relations, buyers, quality controllers and designers apply the principles of the CSR strategy through procurement procedures. One of the commitments of the purchasing policy is skills development for all stakeholders within the purchasing function. The training module on the basics of purchasing includes a specific section on CSR

- Approval and supplier contracting:

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Formally, the Group manages its responsible purchasing strategy with its suppliers via its Purchasing Quality Management System (QMS), and via the following:

- Purchasing Specifications, a contractual document containing Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and standards in force for both environmental and social matters. The document includes the ten Global Compact principles;
- A sustainable purchasing code containing three rules governing supplier selection, namely:
  - ✓ in agreement with the ILO (International Labour 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 assessment 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;
- General Purchasing Conditions, which include a supplier mediation process in the event of a dispute, by appointing an internal ombudsman from outside the Purchasing function.

### **Our performance**

No reports have been received from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified.

Legrand will continue to update its policies and procedures as required to ensure it maintains appropriate safeguards against any mistreatment of persons involved in its supply chain or own business.

### **Approval for this statement**

This statement was approved by the Board of Directors on 24 April 2017.

Tony Greig

Date: 24 April 2017