

Second-Party Opinion

Legrand Sustainability-Linked Financing Framework

Second-Party
Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

Evaluation Summary

- Selection of Key Performance Indicators** The Legrand Sustainability-Linked Financing Framework includes four KPIs: i) Absolute scope 1 and 2 GHG emissions; ii) Absolute scope 3 GHG emissions; iii) Key suppliers' engagement on GHG emissions reduction; and iv) Women representation in managerial positions (see Table 1). Sustainalytics considers KPI 1 and KPI 2 to be very strong, KPI 3 to be adequate and KPI 4 to be strong based on the KPIs' materiality, relevance, scope of applicability and comparability to external benchmarks.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with Legrand's sustainability strategy. Sustainalytics further considers SPT 1 to be highly ambitious, SPT 2 to be ambitious, and SPT 3a, SPT 3b and SPT 4 to be moderately ambitious based on historical performance, peer performance and alignment with science-based trajectories.
- Bond Characteristics** Legrand will link the financial characteristics of the bonds to its performance on the KPIs and SPTs. A coupon step-up will be triggered depending on Legrand's performance against the SPTs on the specified target observation date. This is aligned with the Sustainability-Linked Bond Principles 2020.
- Reporting** Legrand commits to report on an annual basis on its performance on the KPIs in its sustainability performance report published on its website. Legrand further commits to disclose relevant information to enable investors to monitor the SPTs' level of ambition and the factors that affect KPI performance, including reassessments of KPIs due to changes in methodology, baselines or scope. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2020.
- Verification** Legrand commits to have external limited assurance conducted against each SPT for each KPI annually, which is aligned with the Sustainability-Linked Bond Principles 2020.

Evaluation Date	May 12, 2023
Issuer Location	Limoges, France

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO ₂ e)	2019	Very Strong	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030	Highly Ambitious
KPI 2: Absolute scope 3 GHG emissions (ktCO ₂ e)	2019	Very Strong	SPT 2: Reduce absolute scope 3 GHG emissions by 15% by 2030	Ambitious
KPI 3: Key suppliers' engagement on GHG emissions reduction (ktCO ₂ e and number of committed suppliers)	2021	Adequate	SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO ₂ e by 2024	Moderately Ambitious
			SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024	Moderately Ambitious
KPI 4: Women representation in managerial positions (percentage)	2021	Strong	SPT 4: Increase women representation in managerial positions to 30% by 2024	Moderately Ambitious

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Scope of Work and Limitations

Legrand has engaged Sustainalytics to review the Legrand Sustainability-Linked Financing Framework dated May 2023 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP).¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the Framework with the SLBP, as administered by ICMA.

As part of this engagement, Sustainalytics exchanged information with various members of Legrand's management team to understand the sustainability impact of their business processes and SPTs, as well as the reporting and verification processes of aspects of the Framework. Legrand's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Legrand. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure KPI performance.³ The measurement and reporting of the KPIs is the responsibility of the issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Legrand has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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¹ The Sustainability-Linked Bond Principles were launched by ICMA in June 2020. They are administered by ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under the Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

⁴ Benchmarks refer to science-based benchmarks.

Introduction

Legrand SA (“Legrand” or the “Group”) is a France-based company that provides electrical and digital building infrastructure for commercial, industrial and residential buildings, including energy distribution, lighting controls, security systems and home automation. With headquarters in Limoges, France, the Group operates in close to 90 countries with major presence in North and Central America and Europe. As of 2022, the Group employed more than 38,000 people.

As part of its sustainable finance strategy, Legrand intends to issue sustainability-linked bonds whose coupon rate is tied to the achievement of sustainability performance targets for the four KPIs. The selected KPIs refer to: i) Absolute scope 1 and 2 GHG emissions; ii) Absolute scope 3 GHG emissions; iii) Key suppliers’ engagement on GHG emissions reduction; and (iv) Women representation in managerial positions.

Legrand has engaged Sustainalytics to review the Framework and provide an opinion on the alignment of the Legrand Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles 2020. The Framework will be published in a separate document.⁵

Legrand has defined the following KPIs and SPTs:

Table 1: KPI Definitions

KPI	Definition
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO ₂ e)	<p>This KPI is defined as the absolute amount of scope 1 and 2 GHG emissions measured in kilotonnes of CO₂ equivalent (ktCO₂e).</p> <p>The KPI covers 100% of the Group’s operations except the most recent subsidiary acquisitions in 2021 and 2022. The new acquisitions will be integrated into the Group’s reporting within two years of the date of consolidation in the financial accounts. Therefore, the data on the emissions for the acquisitions in 2021 will be integrated in 2023.</p> <p>Scope 1 emissions are direct emissions from the Group’s operations resulting from natural gas combustion for heating processes; Group-owned car fleet; and leaks of refrigerants from air conditioning and cooling units. Scope 2 emissions are indirect emissions stemming from electricity consumption and purchased heat. The Group calculates its scope 1 and 2 emissions in accordance with the GHG Protocol standards.⁶</p>
KPI 2: Absolute scope 3 GHG emissions (ktCO ₂ e)	<p>This KPI is defined as the absolute amount of scope 3 GHG emissions measured in ktCO₂e. Scope 3 emissions are indirect emissions caused by the Group’s activities from sources not owned or controlled by the Group.</p> <p>The KPI measures scope 3 emissions, including the Group’s total indirect emissions from purchased goods and services (category 1), upstream transportation and distribution (category 4), downstream transportation and distribution (category 9) and end-of-life treatment of sold products (category 12).</p> <p>The Group calculates its scope 3 emissions in accordance with the GHG Protocol standards.⁷</p>
KPI 3: Key suppliers’ engagement on GHG emissions reduction (number of committed suppliers and ktCO ₂ e)	<p>The KPI comprises two metrics that speak to the Group’s engagement with its key suppliers to address its scope 3 emissions: i) the first metric measures the number of key suppliers that have committed to reduce their emissions; and ii) the second metric relates to the absolute amount of suppliers’ emissions committed to be reduced by 2030 from a 2019 baseline, expressed in ktCO₂e. For the KPI to be considered achieved, both metrics must be attained.</p> <p>For KPI 3, the Group follows the GHG Protocol standards to calculate supply chain emissions.⁸ Legrand has classified suppliers based on product families, for example steel, aluminium and PVC, and will calculate scope 3 emissions based on CO₂ emission factors associated with families of purchased goods. Within purchasing families, Legrand has identified a group of 500 key suppliers that make up a significant amount of annual spend and associated emissions.</p>

⁵ Legrand Sustainability-Linked Financing Framework is available on Legrand’s website at: <https://www.legrandgroup.com/en/endettement-investisseurs-obligataires>

⁶ Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁷ Greenhouse Gas Protocol, “Corporate Value Chain (Scope 3) Standard”, at: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf

⁸ Greenhouse Gas Protocol, “Corporate Standard”, at: <https://ghgprotocol.org/corporate-standard>

	To calculate the emissions, Legrand adopts the following methodology: for each purchase category, the estimated emissions for a particular supplier is calculated based on the purchase value or quantity of purchase. Legrand converts the quantity of purchase using average emission factors for each purchasing family to obtain the GHG emissions. The emission factor for a category is derived from existing databases, including ADEME, ⁹ EIME ¹⁰ or Ecoinvent. ¹¹
KPI 4: Women representation in managerial positions (percentage)	<p>The KPI measures the percentage of women in managerial positions, defined as positions rated 14 or above using the Hay Job Evaluation methodology, which evaluates job characteristics against three basic criteria: i) know-how; ii) problem solving; and iii) accountability.¹²</p> <p>The KPI is calculated by dividing the total number of women in managerial positions by the total number of managerial positions in the Group.</p>

Table 2: SPTs and Past Performance

KPI	2016	2017	2018	2019 (baseline)	2020	2021	2022	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions	179	178	178	177	148	139	118	Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline
KPI 2: Absolute scope 3 GHG emissions	2,100	2,500	2,230	2,710	-	2,800	2,802	Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline

	2021 (baseline)	2022	SPT 2024 ¹³
KPI 3: Key suppliers' engagement on GHG emissions reduction	0	127	Obtain supplier-committed emissions reduction target of 400 ktCO ₂ e by 2024 from a 2021 baseline
	0	111	Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline

KPI	2017	2018	2019	2020	2021 (baseline)	2022	SPT 2024
KPI 4: Women representation in managerial positions	22.1%	22.6%	23.5%	24.7%	26.7%	28.5%	Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline

⁹ ADEME, "Data", at: <https://www.ademe.fr/en/our-missions/data/>

¹⁰ EIME, "EIME: LCA and ecodesign software", at: <https://codde.fr/en/our-software/eime-presentation>

¹¹ Ecoinvent "Ecoinvent Database", at: <https://ecoinvent.org/the-ecoinvent-database/>

¹² Korn Ferry Hay Group, "Job Evaluation: Foundations and applications": <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/job-evaluation.pdf>

¹³ Both SPT 3a and SPT 3b need to be attained for KPI 3 to be considered achieved. For more information, refer to the Bond Characteristics section below.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Legrand Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles

Sustainalytics is of the opinion that the Legrand Sustainability-Linked Financing Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020.



Selection of Key Performance Indicators

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environmental or social issues; and ii) to what extent the KPI is applicable.

KPI 1: Absolute scope 1 and 2 GHG emissions; and KPI 2: Absolute scope 3 GHG emissions

Sustainalytics notes that KPI 1 and KPI 2 collectively address Legrand's GHG emissions, and therefore, has taken a combined view towards assessing these KPIs' relevance and materiality. Sustainalytics considers the KPIs to be material and relevant given that:

- The Sustainability Accounting Standards Board (SASB) identifies Energy Management as a relevant sustainability issue for the Electrical & Electronic Equipment industry. According to SASB, the Group's energy management in manufacturing products requires energy as a substantial input that is derived from utility providers and management of energy efficiency is essential in the Group's energy mix. If not managed sustainably by Legrand, energy use may consequently contribute significantly to GHG emissions.¹⁴
- Legrand has identified carbon footprint reduction as a highly material ESG issue based on the Global Reporting Initiative (GRI) standards.¹⁵
- The manufacturing and production sectors play a key role in driving economic growth, accounting for 16% of the world's GDP. However, these sectors' operations also pose serious environmental risks. With supply chain emissions being on average more than 11 times higher than operational emissions, managing the effects from climate change requires a transition to carbon-neutral operations within companies' boundaries and carbon-neutral value chains.¹⁶

The applicability of KPI 1 and KPI 2 is assessed on a combined basis as both KPIs are an integral component of the Group's decarbonization strategy that addresses scope 1, 2 and 3 emissions. In 2019, scope 1 and scope 2 GHG emissions represented approximately 5% of the Group's total emissions (scope 1, 2 and 3). KPI 2 covers Legrand's scope 3 emissions from purchased goods and services¹⁷ (category 1), upstream transportation and distribution (category 4), downstream transportation and distribution (category 9) and end-of-life treatment of sold products (category 12), which account for 77% of the Group's total GHG emissions in 2019. Therefore, in terms of applicability, KPI 1 and KPI 2 collectively address 82% Group's total GHG emissions, indicating a high scope of applicability.

Based on the above, Sustainalytics considers KPI 1 and KPI 2 to be material and relevant.

¹⁴ SASB, "Materiality Finder – "Electrical & Electronic Equipment", at: <https://www.sasb.org/standards/materiality-finder/find/?company%5B%5D=FR0010307819&lang=en-us>

¹⁵ The data for calculating applicability is based on 2021 emissions inventory.

Legrand, "Universal registration document", (2021), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/Finance/2022/autres/Legrand_URD_2021_VDEF_1651227025.pdf

¹⁶ World Economic Forum, "Reducing the Carbon Footprint of the Manufacturing Industry through Data Sharing", (2022), at: <https://www.weforum.org/impact/carbon-footprint-manufacturing-industry/>

¹⁷ Purchased goods and services category represents 95% of purchased goods and services, including goods packaging from total scope 3 emissions.

KPI 3: Key suppliers' engagement on GHG emissions reduction

As part of Legrand's assessment of material ESG issues based on GRI standards, engaging with suppliers is an important step in reducing the Group's carbon footprint.¹⁸ Studies have shown that the carbon footprint of most manufacturers is concentrated in the upstream supply chain. According to a study by the World Economic Forum, global production sectors are responsible for one-fifth of carbon emissions, consuming 54% of the world's energy sources. Therefore, to address scope 3 emissions, companies need to collaborate with all tiers of their supply chain.¹⁹

In terms of applicability, Sustainalytics notes that the top 500 suppliers covered by the KPI account for approximately 69% of emissions from purchased goods and services. In return, purchased goods and services emissions represent 69% of scope 3 emissions, while scope 3 emissions represent 95% of Legrand's total emissions in 2021. Therefore, the KPI's applicability is approximately 46%.²⁰

Based on the above, Sustainalytics considers KPI 3 to be material and have a high scope of applicability.

KPI 4: Women representation in managerial positions

Women represent only 27% of all managerial positions in the world and the global average gender gap issue will take an estimated 135 years to achieve parity.²¹ In addition, Sustainalytics' ESG Risk Rating identifies Human Capital as an MEI for the electrical equipment sub-sector. Legrand has also identified equality of opportunity, diversity and inclusion as an MEI in its ESG strategy and materiality assessment, based on GRI standards.²²

In terms of applicability, KPI 4 accounts for approximately 30% of Legrand's headcount, based on the total number of managerial positions covered by the KPI (11,523) against the total number of employees (38,200) as of 2021.²³ Sustainalytics considers that increasing the percentage of women in managerial positions has the potential to generate a positive impact across Legrand's operations and, therefore, assesses this KPI to be highly applicable in scope.

KPI Characteristics

In its assessment of the KPI's characteristics, Sustainalytics considers: i) whether it uses a clear and consistent methodology; ii) whether it follows an externally recognized definition; iii) whether the KPI is a direct measure of the issuer's performance on the material environmental or social issue; and iv) if applicable, whether the methodology can be benchmarked against an external contextual benchmark.²⁴

KPI 1: Absolute scope 1 and 2 GHG emissions; and KPI 2: Absolute scope 3 GHG emissions

Sustainalytics considers Legrand's definition and methodology to calculate KPI 1 and KPI 2 to be clear and consistent with the Group's historical disclosures on scope 1, 2 and 3 emissions. Both KPI 1 and KPI 2 follow the GHG Protocol's Corporate Reporting Standards.²⁵ Additionally, both KPIs support benchmarking against external emissions reduction trajectories, such as those developed by the Science Based Target initiative (SBTi). Sustainalytics considers KPI 1 and KPI 2 to be directly linked to the Group's environmental performance on the material issue of GHG emissions.

KPI 3: Key suppliers' engagement on GHG emissions reduction

Sustainalytics considers KPI 3 as an indirect measure for reducing the Group's scope 3 emissions given that it targets the number of the Group's material scope 3 stakeholders (top 500 key suppliers) and the associated

¹⁸ Legrand, "Universal registration document", (2021), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/Finance/2022/autres/Legrand_URD_2021_VDEF_1651227025.pdf

¹⁹ World Economic Forum, "Reducing the carbon footprint of the manufacturing industry through data sharing", (2022), at:

<https://www.weforum.org/impact/carbon-footprint-manufacturing-industry/>

²⁰ The data for calculating applicability of KPI 3 is based on 2021 emissions inventory.

Legrand, "2021 Universal Registration Document including the integrated report", (2022), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/Finance/2022/autres/Legrand_URD_2021_VDEF_1651227025.pdf

²¹ World Economic Forum, "Global Gender Gap Report 2021", at: <https://www.weforum.org/reports/global-gender-gap-report-2021>

²² Legrand, "2021 Universal Registration Document including the integrated report", (2022), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/Finance/2022/autres/Legrand_URD_2021_VDEF_1651227025.pdf

²³ Ibid.

²⁴ External contextual benchmarks provide guidance on alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

²⁵ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at:

<https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

emissions reduction targets. Sustainalytics notes that having carbon emission targets does not necessarily result in the reduction of emissions.

Sustainalytics considers Legrand’s definition and methodology to calculate KPI 3 to be clear and notes that the methodology is aligned with the GHG Protocol’s scope 3 emission calculation methodology but could not be compared against external contextual benchmarks.

KPI 4: Women representation in managerial positions

Sustainalytics considers Legrand’s definition and methodology to calculate KPI 4 to be clear and consistent with its historical reporting on the proportion of women in managerial positions. Legrand measures the KPI based on the Hay Job Evaluation Methodology, which is a widely used system for assessing and ranking the value of different job roles in an organization.²⁶ Sustainalytics considers the KPI to be directly linked to Legrand’s performance on key sustainability parameters related to its workforce. Sustainalytics further notes that there are no applicable externally recognized benchmarks for this KPI.

Overall Assessment

Sustainalytics considers KPI 1: Absolute scope 1 and 2 GHG emissions to be very strong given that it: i) represents a direct measure of a material environmental issue related to GHG emissions from Legrand’s operations; ii) reflects a high scope of applicability when measured jointly with KPI 2; iii) follows a clear and consistent methodology that is externally defined; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 2: Absolute scope 3 GHG emissions to be very strong given that it: i) is a direct measure of a material environmental issue related to GHG emissions from Legrand’s suppliers; ii) has a high scope of applicability; iii) follows a clear and consistent definition based on an externally recognized methodology; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 3: Key suppliers’ engagement on GHG emissions reduction to be adequate given that it: i) is an indirect measure of a material issue related to the Group’s carbon performance on its scope 3 emissions from purchased goods and services; ii) follows an externally defined methodology; and iii) could not be compared against external contextual benchmarks.

Sustainalytics considers KPI 4: Women representation in managerial positions to be strong given that it is: i) a direct measure of a material issue related to the Group’s sustainability performance; ii) has a high scope of applicability; and iii) follows a clear and consistent methodology.

KPI(s)	Strength of KPI(s)			
KPI 1: Absolute scope 1 and 2 GHG emissions	Not Aligned	Adequate	Strong	Very strong
KPI 2: Absolute scope 3 GHG emissions	Not Aligned	Adequate	Strong	Very strong
KPI 3: Key suppliers’ engagement on GHG emissions reduction	Not Aligned	Adequate	Strong	Very strong
KPI 4: Women representation in managerial positions	Not Aligned	Adequate	Strong	Very strong

²⁶ Korn Ferry Hay Group, “Job Evaluation: Foundations and applications”: <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/job-evaluation.pdf>



Calibration of Sustainability Performance Targets

Alignment with Legrand's Sustainability Strategy

Legrand has set the following SPTs for its KPIs:

- SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline
- SPT 2: Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline
- SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline and SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline
- SPT 4: Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline.

SPTs 1, 2, 3a and 3b: Legrand has established measures to reduce its carbon footprint under its sustainability strategy, the 2022-2024 CSR roadmap, which outlines the Group's goal to reduce GHG emissions by increasing renewable electricity sourcing, using electric vehicles, installing energy-efficient equipment and recycled materials and engaging suppliers to reduce scope 3 emissions.²⁷

SPT 4: Legrand has established a diversity and inclusion policy, which includes a focus on gender diversity; inclusion of people with disabilities and LGBTQ+ people; intergenerational collaboration; and social, cultural and ethno-racial diversity. Sustainalytics considers the SPTs to be aligned with Legrand's sustainability strategy, outlining its approach to address key environmental and social priorities. Please refer to Section 2 for an analysis of the credibility of Legrand's sustainability strategy.^{28 29}

Strategy to Achieve the SPTs

Legrand intends to achieve the SPTs through the following strategies:

SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline

- Renewable energy and energy efficiency: Legrand aims to increase the use of green energy from sources such as wind, hydro, solar and biogas at its sites, and install energy-efficient and metering solutions, LED devices and double flow ventilation.
- Technology: Legrand will replace hydraulic machines with electric injection machines, which potentially could result in an approximately 50% reduction in energy consumption.
- Transport: Legrand will increase the fleet of electric and hybrid vehicles and install charging stations in parking areas at several of its sites.
- The Group aims to obtain ISO 14001 certification for all production and logistic sites and obtain certification for new sites within five years of acquisition.

SPT 2: Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline

- Stakeholder engagement: Legrand will engage its key suppliers to adopt sustainable practices, including encouraging key suppliers to reduce emissions by 30% by 2030.
- Product design: Legrand plans to increase the use of recycled materials and develop 100% recycled and recyclable packaging to increase the share of recyclable packaging from 57% in 2019 to 100% in 2030. In addition, the Group aims to stop the usage of single-use plastic, starting with the elimination of plastic

²⁷ Legrand, "Our Commitments to Responsible Growth: Media Kit", (2022), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/DP_CSR_2022_1649314469.pdf

²⁸ Ibid.

²⁹ Legrand, "2021 Integrated report", at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/LEGRAND_integrated_report_2021_EN_Vdef_1651476729.pdf

flow packs and expanded polystyrene in packaging by 2024, and increase the use of recycled plastic by 15% and recycled metals by 40% by 2024 in its products.³⁰

- Transportation: The Groups aims to replace 50% of air transportation with sea transportation for its downstream transportation and distribution activities.

SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline and SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline

- Training: Legrand will conduct trainings for more than 1,500 employees on sustainable procurement and set out guidelines on supplier selection criteria and risk identification.
- Recycled materials: utilize 15% recycled plastics and 40 % recycled metals in products manufactured in 2024 and reduce the weight of packaging.
- Transportation and logistics: The Group will take measures such as consolidate the various manufacturing stages into a single location, thus reducing transportation between sites, increase the use of transportation by sea, rail or river where possible as an alternative to road transportation, limit the use of air freight to reduce its emissions from downstream transportation.³¹

SPT 4: Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline

- Training: Legrand will conduct campaigns and train employees to create awareness among its workforce.
- Policies: The Group has developed various internal policies and processes to promote diversity among its workforce, including awareness training on gender equality and anti-discrimination, and has developed policies to reduce the pay gap between men and women.
- Partnerships: The Group will partner with various schools and universities to provide guidance on the Group's internal HR policies, such as on staffing and salary reviews.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory; ii) how the SPTs compare to targets set by peers; and iii) how the SPTs compare with science.³²

Legrand has set the baseline for SPT 1 and SPT 2 at 2019 to align with the Company's decarbonization strategy and publicly reported targets that were validated by the SBTi. The Group has set 2021 as the baseline for SPT 3a, SPT 3b and SPT 4 to reflect the most recent relevant data for these SPTs.

SPT 1: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with the SBTi pathways.

Legrand's absolute scope 1 and 2 GHG emissions decreased from 179 ktCO₂e in 2019 to 118 ktCO₂e 2022, implying a linear annual reduction of 3%. To achieve SPT 1, the Group must reduce scope 1 and 2 emissions by an average annual reduction of 4.6% on a linear basis, which is higher than its historical performance between 2019 and 2022. Hence, Sustainalytics considers that SPT 1 represents a continuous improvement.

Legrand's targets were compared with seven of its peers in the electrical equipment and machinery sub-industry that have global and regional operations. Legrand's target was found to be mostly above the targets set by its peers. Therefore, Sustainalytics considers SPT 1 to be above peer performance.

For comparison against science, Sustainalytics notes that Legrand's scope 1 and 2 GHG emissions reduction target is aligned with the SBTi's 1.5°C decarbonization trajectory.

SPT 2: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with the SBTi pathways.

Legrand's absolute scope 3 GHG emissions increased slightly from 2,710 ktCO₂e in 2019 to 2,802 ktCO₂e in 2022, implying a negligible linear annual increase. To achieve SPT 2, the Group must reduce scope 3 emissions by an

³⁰ Details of the strategy have been incorporated based on the information provided in the Framework.

³¹ Details of the strategy have been incorporated based on the information provided in the Framework and Legrand Group

³² We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

average annual reduction of 1.4% on a linear basis, which is higher than its historical performance between 2019 and 2022. Hence, Sustainalytics considers SPT 2 to represent a continuous improvement.

Legrand's targets were compared with seven of its peers in the electrical equipment and machinery sub-industry that have global and regional operations. Legrand's target was found to be mostly below the targets set by Legrand's peers. Therefore, Sustainalytics considers SPT 2 to be below peer performance.

For comparison against science, Sustainalytics notes that Legrand's scope 3 GHG emissions reduction target is aligned with the SBTi's 2°C decarbonization trajectory.

SPTs 3a and 3b: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance.

SPT 3a: There is no historical data for SPT 3a as the initiative to engage key suppliers commenced only in 2022. Nonetheless, Sustainalytics notes that as of 2022, Legrand's suppliers have committed to reduce their emissions by an aggregate of 127 ktCO_{2e}, exceeding their collective commitment of 80 ktCO_{2e} for that year.

Sustainalytics' analysis of Legrand's peers indicates that the SPT 3a is not widely used in the electrical equipment and machinery sub-industry, although some peers have other scope 3 emission-related or engagement targets as part of their sustainability strategies. Therefore, Sustainalytics considers SPT 3a to be aligned with peer performance.

There is no historical data for SPT 3b as the initiative to engage key suppliers commenced only in 2022. In terms of the number of suppliers, Legrand has reported that it has engaged a total of 111 suppliers in 2022, compared to its target of 50 for that year.

Sustainalytics' analysis of Legrand's peers indicates that the SPT 3b is not widely used in the electrical equipment and machinery sub-industry, although some peers have other scope 3 emission-related or engagement targets as part of their sustainability strategies. Therefore, Sustainalytics considers SPT 3b to be aligned with peer performance.

Sustainalytics notes that both SPTs 3a and 3b need to be attained for KPI 3 to be considered achieved. Sustainalytics recognizes that Legrand's objective to ensure that a minimum of 50% of key suppliers set emissions reduction targets that aim to achieve at least a 30% reduction in emissions by 2030 from a 2019 baseline is an important step towards addressing the Group's scope 3 emissions and supports the achievement of KPI 2, which addresses the Group's scope 3 emissions.

SPT 4: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance.

Regarding past performance, Legrand increased the proportion of women in managerial positions by an average annual rate of 1.4 percentage points between 2018 and 2021. To achieve the SPT, the proportion of women employees must rise to 30% by 2024 compared to 26.7% in 2021, representing an increase of 1.1 percentage points per annum between 2021 and 2024. Sustainalytics considers that the target is below Legrand's historical performance. Nonetheless, Sustainalytics notes that Legrand engages in the acquisition of companies, which may have a dilutive effect on the achievement of the SPT due to the lower representation of women in managerial positions in the acquired companies compared to the current level of gender diversity within Group.

Sustainalytics compared Legrand's targets with seven peers, and on balance, Sustainalytics considers SPT 4 to be generally in line with the targets set by these peers.

Overall Assessment

Sustainalytics considers all SPTs to align with the Group's sustainability strategy and considers SPT 1 to be highly ambitious given that it: i) represents a material improvement compared to Legrand's past performance on emissions reduction; ii) is above the targets set by Legrand's industry peers; and iii) is aligned with the SBTi's 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) represents a material improvement compared to Legrand's past performance on emissions reduction; ii) is aligned with the targets set by Legrand's industry peers; and iii) is aligned with the SBTi's 2° scenario.

Sustainalytics considers SPT 3a and 3b to be moderately ambitious given that they: i) represent an improvement to current performance; and ii) are broadly aligned with Legrand's peers.

Sustainalytics considers SPT 4 to be moderately ambitious given that it: i) is below historical performance; and ii) is generally aligned with Legrand’s peers.

SPT(s)	Ambitiousness of SPT(s)			
SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO ₂ e by 2024 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 4: Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond Characteristics

Legrand has disclosed that the financial characteristics of the sustainability-linked bond issued under the Framework will be linked to the achievement of the SPTs defined in the relevant bond documentation. The financial characteristics may include a coupon adjustment in the form of a step-up in the coupon rate on the non-achievement of the SPTs on the specified target observation date. Sustainalytics notes that for KPI 3 to be considered achieved, both SPTs 3a and 3b would need to be met. The details of the coupon adjustment will be set out in the relevant bond documentation. Sustainalytics notes that the relevant characteristics of the sustainability-linked bond are aligned with the SLBP.

Sustainalytics recognizes that Legrand can issue multiple sustainability-linked bonds under the Framework. Additionally, the Group has disclosed that the selected KPIs for each issuance may be assigned relative weights in determining the aggregate coupon adjustment. For each issuance, Sustainalytics encourages Legrand to select a set of KPIs that collectively reflects relevant and material sustainability issues for the Group.



Reporting

Legrand commits to report on its progress on the KPIs on an annual basis and expects to include the relevant figures in either the Universal Registration Document or the Sustainability Performance Report, which is aligned with the SLBP. Legrand also commits to disclose relevant information enabling investors to monitor the level of ambition of the SPTs and factors that may affect the KPIs’ performance, which may include: i) information on the performance of the selected KPIs, including the baseline where relevant; ii) a qualitative or quantitative explanation of the contribution of the main factors impacting the KPIs, including merger and acquisition activities; and iii) reassessments of KPIs or pro-forma adjustments of baselines or the scope of the KPIs.



Verification

Legrand commits to have an external verifier provide limited assurance against each SPT for each KPI annually, which is aligned with the SLBP.

Section 2: Assessment of Legrand's Sustainability Strategy

Credibility of Legrand's Sustainability Strategy

Since 2004, Legrand has implemented a corporate social responsibility programme that centres on four areas of action: i) promoting diversity and inclusion; ii) reducing its carbon footprint; iii) developing a circular economy; and iv) being a responsible business. The Group applies the principles of the UN Global Compact,³³ GRI's³⁴ disclosure standards and ISO 26000 guidelines to inform its approach to sustainability.³⁵

To reduce its carbon footprint, Legrand aims to reduce the Group's scope 1 and 2 GHG emissions by 10% per annum between 2022 and 2024 through energy-efficiency improvements at manufacturing sites and sourcing of renewable energy. The Group also aims to reduce its scope 3 GHG emissions by encouraging at least 250 key suppliers to have an official average emissions reduction target of 30% by 2030 from a 2019 baseline. In terms of its performance against its emissions reduction targets, Legrand has reduced 13.2 million tCO₂e between 2014 and 2021 through energy-efficiency solutions. The Group reduced its direct GHG emission by 28% between 2018 and 2021.^{36,37}

Through the implementation of its Diversity and Inclusion Policy, Legrand aims to have women hold one in three key positions by 2030 and have an equal share of men and women across the Group's workforce by 2030. By the end of 2021, Legrand achieved an increase of 18% in the number of management roles occupied by women. Furthermore, Legrand aims to create 4,000 new opportunities for those in their early careers and develop 200 additional businesses with suppliers qualified as diverse and inclusive between 2022 and 2024.^{38,39}

Based on the above, Sustainalytics is of the opinion that the Framework is aligned with the Legrand's overall sustainability strategy and initiatives and will advance the Group's action on its key environmental and social priorities.

Legrand's Environmental and Social Risk Management

Sustainalytics acknowledges that while Legrand's defined targets are impactful, achieving the SPTs may bear environmental and social risks related to MEIs, namely: i) product governance; ii) business ethics; and iii) human capital.

Sustainalytics comments below on Legrand's ability to mitigate such potential risks.

- **Product governance:** Legrand has established a quality management system through the implementation of its Quality Policy. Legrand's quality control department manages the policy and applies it in each country individually. The Group applies the Quality Policy by:⁴⁰
 - Implementing the ISO 9001:2015 standard for quality management systems. In 2022, the Company had 86% of its sites certified under ISO 9001:2015.⁴¹
 - Carrying out product accreditation at certified laboratories before bringing products to market.
 - Using surveillance plans to monitor products' performance at manufacturing, marketing and on-market stages to achieve consistency in product quality.
 - Implementing a customer feedback process with established procedures for cases that may imply risks to the safety of goods or people or have significant financial implications.

³³ Legrand, "Legrand and The Global Compact", at: <https://www.legrandgroup.com/en/our-commitments/legrand-and-global-compact>

³⁴ UN Global Compact, "Legrand", at: <https://unglobalcompact.org/what-is-gc/participants/6098>

³⁵ ISO, "ISO 26000: Social Responsibility", at: <https://www.iso.org/iso-26000-social-responsibility.html>

³⁶ Legrand, "Our Commitments to Responsible Growth", (2022), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/DP_CSR_2022_1649314469.pdf

³⁷ Legrand, "2021 Integrated report", at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/LEGRAND_integrated_report_2021_EN_Vdef_1651476729.pdf

³⁸ Legrand, "Our Commitments to Responsible Growth", (2022), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/DP_CSR_2022_1649314469.pdf

³⁹ Legrand, "2021 Integrated report", at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/LEGRAND_integrated_report_2021_EN_Vdef_1651476729.pdf

⁴⁰ Legrand, "2022 Universal Registration Document including the integrated report", (2023), at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/Finance/2023/autres/Legrand_URD_2022_EN_VDEF_1681304527.pdf

⁴¹ Bureau Veritas Certification, "Legrand France", at: <https://www.legrand.nl/sites/default/files/Over%20Legrand/Duurzaamheid/ISO%209001-LEGRAND-7050417-EN.pdf>

- **Business ethics:** Legrand has established the Guide to Best Business Practice⁴² to identify different forms of corruption or fraud, define the Group's rules regarding these acts and provide guidelines on how employees should react. The guide further includes various policies, procedures and references that Legrand employees must follow for ethical business conduct, including the Payment Management procedure; the Know Your Business Partners procedure; the Gifts and Invitations procedure; the Patronage and Sponsorship policy; and the Embargo procedure. Legrand also provides business ethics training programmes for its employees and suppliers, conducts regular audits of its operations and has a whistleblowing policy that encourages employees to report any ethical concerns.⁴³
- **Human capital:** In 2018, the Group published its Human Rights Charter, which includes the Human Rights Policy in line with the UN Guiding Principles on Business and Human Rights. The Human Rights Charter covers rules and procedures on child labour and young workers, forced labour and discrimination. It also includes providing safe working conditions for the health and safety of its workers, ensuring decent employment conditions and ensuring the freedom of association.⁴⁴

In addition to the above, Sustainalytics notes that it has found no evidence of any major environmental or social controversies related to the Group. Sustainalytics considers that Legrand has management programmes and policies in place to mitigate the aforementioned risks.

Section 3: Impact of the SPTs

Importance of reducing GHG emissions in the EU and France

Under the European Green Deal, the EU aims to achieve at least a 55% reduction in net GHG emissions by 2030 from a 1990 baseline and achieve carbon neutrality by 2050.⁴⁵ To align with the EU's commitments, the French government has committed to reducing the country's carbon emissions by 40% by 2030 compared to 1990 levels and aims to achieve climate neutrality by 2050.^{46,47} France's National Low-Carbon Strategy, established in 2015, outlines a national plan to achieve the country's climate commitments.⁴⁸ The country has also set a target to reduce 50% of the energy consumption in its most carbon-emitting sectors by 2050 compared to 2020.⁴⁹ In line with its 2050 goal, the Government of France has dedicated EUR 5.8 billion to finance energy-efficiency programmes for buildings to achieve the 2030 climate targets.⁵⁰ Additionally, France has implemented a number of policies and initiatives to reduce GHG emissions, such as the Energy Transition Law⁵¹ and the National Low-Carbon Strategy,⁵² which aim to reduce emissions in different sectors of the economy and encourage the use of renewable energy and energy-efficiency measures.

Sustainalytics is of the opinion that Legrand's focus and efforts in reducing scope 1, 2 and 3 GHG emissions in the markets where it operates and encouraging suppliers to commit to reducing their scope 3 GHG emissions are expected to positively contribute to France's transition to a low-carbon economy.

⁴² Legrand, "Guide to Best Business Practice", (2022), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/Centre_de_ressource/3_Societe/Guide-best-practice_EN_1667490138.pdf

⁴³ Legrand, "Our Commitments to Responsible Growth", (2022), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2022/DP_CSR_2022_1649314469.pdf

⁴⁴ Legrand, "Human Rights Charter", (2018), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2018/HumanRightsCharter_2018.pdf

⁴⁵ European Commission, "A European Green Deal", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

⁴⁶ European Union, "Integrated National Energy and Climate Plan for France", (2020), at: https://ec.europa.eu/energy/sites/default/files/documents/fr_final_necp_main_en.pdf

⁴⁷ European Union, "France's recovery and resilience plan" at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/frances-recovery-and-resilience-plan_en

⁴⁸ Government of France, "Stratégie Nationale Bas-Carbone", at: https://www.ecologie.gouv.fr/sites/default/files/SNBC_SPM_Eng_Final.pdf

⁴⁹ European Union, "France's recovery and resilience plan" at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/frances-recovery-and-resilience-plan_en

⁵⁰ European Union, "France's recovery and resilience plan" at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/frances-recovery-and-resilience-plan_en

⁵¹ Government of France, "Law no. 2015-992 on Energy Transition for Green Growth (Energy Transition Law)", (2015), at: https://climate-laws.org/documents/law-no-2015-992-on-energy-transition-for-green-growth-energy-transition-law_cOf1

⁵² Government of France, "Stratégie nationale bas-carbone", at: https://climate-laws.org/documents/national-low-carbon-strategy_08b0

Importance of gender equality in the EU and France

The Global Gender Gap Report 2022 estimates that it will take another 132 years to achieve gender equality considering the reported pace of progress.⁵³ The EU has made gender equality a priority, with the European Parliament adopting a resolution in 2021 for the implementation of the EU Gender Equality Strategy 2020-2025, which aims to promote gender equality in all areas of life. The strategy includes measures to close the gender pay gap, increase women’s participation in decision-making and leadership positions and combat gender-based violence.⁵⁴ In 2022, France scored 75.1 out of 100 points in the Gender Equality Index, highlighting the lack of full equality between genders in the country.⁵⁵ Companies that achieve gender parity in their leadership teams are found to have valuations that are approximately 25% higher than those with less diverse teams.⁵⁶ Moreover, increasing women’s representation in senior and middle management roles increases the representation of women in decision-making processes, thereby resulting in bridging the gender gap in an organization. Specifically in the technology sector, the proportion of women in the sector is lower than the one of women in the overall workforce.⁵⁷ In 2022, 24% of the leadership roles in France were occupied by women in the technology sector.⁵⁸

Sustainalytics is of the opinion that Legrand’s programmes on gender diversity and its goal of achieving women representation in 30% of managerial positions by 2024 are expected to positively contribute to corporate gender equity.

Contribution to SDGs

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by 2030. The sustainability-linked bonds issued under the Framework are expected to help advance the following SDG goals and targets:

KPI	SDG	SDG Target
KPI 1: Absolute scope 1 and 2 GHG emissions	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
KPI 2: Absolute scope 3 GHG emissions	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
KPI 3: Key suppliers’ engagement on GHG emissions reduction		
KPI 4: Women representation in managerial positions	5. Gender Equality	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life

⁵³ World Economic Forum, “Global Gender Gap Report 2022”, at: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf?_gl=1*1xyemfz*_up*MQ..&qclid=EAlaIqObChMI-PqDhpO3_glVgsp3Ch16jAW6EAAAYASAAEgIGUvD_BwE

⁵⁴ European Commission, “Gender equality strategy”, at: https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en#:~:text=The%20European%20Commission%20launched%20a,care%20responsibilities%20and%20decision%2Dmaking.

⁵⁵ European Institute for Gender Equality, “Gender Equality Index: France in 2022”, at: <https://eige.europa.eu/gender-equality-index/2022/country/FR>

⁵⁶ IFC, “Moving Toward Gender Balance in Private Equity and Venture Capital”, (2019), at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender-balance-in-emerging-markets

⁵⁷ Hupfer, S. et al. (2021), “Women in the tech industry: Gaining ground, but facing new headwinds”, Deloitte, at: <https://www2.deloitte.com/xe/en/insights/industry/technology/technology-media-and-telecom-predictions/2022/statistics-show-women-in-technology-are-facing-new-headwinds.html>

⁵⁸ World Economic Forum, “Global Gender Gap Report 2022”, at: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf?_gl=1*1xyemfz*_up*MQ..&qclid=EAlaIqObChMI-PqDhpO3_glVgsp3Ch16jAW6EAAAYASAAEgIGUvD_BwE

Conclusion

Legrand intends to issue sustainability-linked bonds, tying the coupon rate to the Group's performance on the following SPTs:

- (1) Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline
- (2) Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline
- (3) Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline
- (4) Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline
- (5) Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline

Sustainalytics considers KPI 1 and KPI 2 to be very strong, KPI 3 to be adequate and KPI 4 to be strong. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious and SPT 3a, SPT 3b and SPT 4 to be moderately ambitious. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with the SLBP.

Based on the above, Sustainalytics considers the Legrand Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective achievement of the SPTs to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Legrand

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: May 12, 2023

Independent External Review provider's name for post-issuance verification (section 4): not known

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- a step-up structure a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review) only some of them (partial review):
- | | |
|--|--|
| <input checked="" type="checkbox"/> Selection of Key Performance Indicators (KPIs) | <input checked="" type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input checked="" type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Verification | |
- and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Legrand intends to issue sustainability-linked bonds tying the coupon rate to the Group's performance on the following SPTs:

- (1) Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline;
- (2) Reduce absolute scope 3 GHG emissions by 15% by 2030 from a 2019 baseline;
- (3) Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline and SPT
- (4) Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline
- (5) Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline.

Sustainalytics considers KPI 1 and KPI 2 to be very strong, KPI 3 to be adequate and KPI 4 to be strong. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious, SPT 3a, SPT 3b and SPT 4 to be moderately ambitious. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with the SLBP.

Based on the above, Sustainalytics considers the Legrand Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective achievement of the SPTs to be impactful.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable):

Sustainalytics considers KPI 1: Absolute scope 1 and 2 GHG emissions to be very strong given that it: i) represents a direct measure of a material environmental issue related to GHG emissions from Legrand's operations; ii) reflects a high scope of applicability when measured jointly with KPI 2; iii) follows a clear and consistent methodology that is externally defined; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 2: Absolute scope 3 GHG emissions to be very strong given that it: i) is a direct measure of a material environmental issue related to GHG emissions from Legrand's suppliers; ii) has a high scope of applicability; iii) follows a clear and consistent definition based on an externally recognized methodology; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 3: Key suppliers' engagement on GHG emissions reduction to be adequate given that it: i) is an indirect measure of a material issue related to the Group's carbon performance on its scope 3 emissions from purchased goods and services; ii) follows an externally defined methodology; and iii) could not be compared against external contextual benchmarks.

Sustainalytics considers KPI 4: Women representation in managerial positions to be strong given that it is: i) a direct measure of a material issue related to the Group's sustainability performance; ii) has a high scope of applicability; and iii) follows a clear and consistent methodology.

List of selected KPIs:

- Absolute scope 1 and 2 GHG emissions (ktCO₂e)
- Absolute scope 3 GHG emissions (ktCO₂e)

- Key suppliers' engagement on GHG emissions reduction (ktCO₂e and no. of suppliers)
- Women representation in managerial positions (%)

Definition, Scope, and parameters

- | | |
|--|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify): | |

Relevance, robustness, and reliability of the selected KPIs

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked |
| <input type="checkbox"/> Other (please specify): | |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable):

Sustainalytics considers all SPTs to align with the Group's sustainability strategy and considers SPT 1 to be highly ambitious given that it: i) represents a material improvement compared to Legrand's past performance on emissions reduction; ii) is above the targets set by Legrand's industry peers; and iii) is aligned with the SBTi's 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) represents a material improvement compared to Legrand's past performance on emissions reduction; ii) is aligned with the targets set by Legrand's industry peers; and iii) is aligned with the SBTi's 2° scenario.

Sustainalytics considers SPT 3a and 3b to be moderately ambitious given that they: i) represent an improvement to current performance; and ii) are broadly aligned with Legrand's peers.

Sustainalytics considers SPT 4 to be moderately ambitious given that it: i) is below historical performance; and ii) is generally aligned with Legrand's peers.

Rationale and level of ambition

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer's sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
| <input type="checkbox"/> Other (please specify): | |

Benchmarking approach

- | | |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance | <input checked="" type="checkbox"/> Issuer's peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify): |

Additional disclosure

- | | | | |
|-------------------------------------|---|-------------------------------------|--|
| <input checked="" type="checkbox"/> | potential recalculations or adjustments description | <input checked="" type="checkbox"/> | issuer's strategy to achieve description |
| <input checked="" type="checkbox"/> | identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> | Other (please specify): |

3-3 BOND CHARACTERISTICS**Overall comment on the section (if applicable):**

Legrand has disclosed that the financial characteristics of the sustainability-linked bond issued under the Framework will be linked to the achievement of the SPTs defined in the relevant bond documentation. The financial characteristics may include a coupon adjustment in the form of a step-up in the coupon rate on the non-achievement of the SPTs on the specified target observation date. Sustainalytics notes that for KPI 3 to be considered achieved, both SPTs 3a and 3b would need to be met. The details of the coupon adjustment will be set out in the relevant bond documentation. Sustainalytics notes that the relevant characteristics of the sustainability-linked bond are aligned with the SLBP.

Sustainalytics recognizes that Legrand can issue multiple sustainability-linked bonds under the Framework. Additionally, the Group has disclosed that the selected KPIs for each issuance may be assigned relative weights in determining the aggregate coupon adjustment. For each issuance, Sustainalytics encourages Legrand to select a set of KPIs that collectively reflects relevant and material sustainability issues for the Group.

Financial impact:

- | | |
|-------------------------------------|-------------------------|
| <input checked="" type="checkbox"/> | variation of the coupon |
| <input type="checkbox"/> | Other (please specify): |

Structural characteristic:

- | | |
|--------------------------|-------------------------|
| <input type="checkbox"/> | Other (please specify): |
|--------------------------|-------------------------|

3-4 REPORTING**Overall comment on the section (if applicable):**

Legrand commits to report on an annual basis on its performance on the KPIs in its sustainability performance report published on its website. Legrand further commits to disclose relevant information to enable investors to monitor the SPTs' level of ambition as well as the factors that affect KPI performance, including reassessments of KPIs resulting from changes to methodology, baselines or scope. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2020

Information reported:

- | | | | |
|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | performance of the selected KPIs | <input checked="" type="checkbox"/> | verification assurance report |
| <input checked="" type="checkbox"/> | level of ambition of the SPTs | <input type="checkbox"/> | Other (please specify): |

Frequency:

- | | | | |
|-------------------------------------|-------------------------|--------------------------|-------------|
| <input checked="" type="checkbox"/> | Annual | <input type="checkbox"/> | Semi-annual |
| <input type="checkbox"/> | Other (please specify): | | |

Means of Disclosure

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):
- Information published in sustainability report
- Other (please specify):

Where appropriate, please specify name and date of publication in the “useful links” section.

Level of Assurance on Reporting

- limited assurance
- reasonable assurance
- Other (*please specify*):

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

Section 4. Post-issuance verification

Overall comment on the section (if applicable):

Information reported:

- limited assurance
- reasonable assurance
- Other (please specify):

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Material change:

- Perimeter
- KPI methodology
- SPTs calibration

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