

Second-Party Opinion

Legrand Sustainability-Linked Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Legrand Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2023. This assessment is based on the following:

- 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) Proportion of management positions filled by women (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, SPT 3a and SPT 3b to be ambitious, 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.
- Reporting** Legrand commits to report on its progress on the KPIs on an annual basis 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.
- Verification** Legrand commits to have external limited assurance conducted against each SPT for each KPI annually.

Evaluation Date	May 10, 2024 ¹
Issuer Location	Limoges, France

The SPTs contribute to the following SDGs:



¹ This document updates Sustainalytics' Second-Party Opinion published in May 2023 to assess the updated baselines and SPTs associated with KPI 1 and KPI 2 versus those disclosed in the Framework dated May 2023.

Overview of KPIs and SPTs²

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO ₂ e)	2022	Very Strong	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030	Highly Ambitious
KPI 2: Absolute scope 3 GHG emissions (ktCO ₂ e)	2022	Very Strong	SPT 2: Reduce absolute scope 3 GHG emissions by 25% 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	Ambitious
			SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024	Ambitious
KPI 4: Proportion of management positions filled by women (%)	2021	Strong	SPT 4: Increase women representation in managerial positions to 30% by 2024	Moderately Ambitious

² Sustainalytics' assessment for all KPIs and SPT 1, SPT 2 and SPT 4 remains the same as its assessment in the Second-Party Opinion published in May 2023. For SPT 3a and SPT 3b, Sustainalytics' assessment has changed to ambitious, from adequately ambitious, previously.

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Scope of Work and Limitations

Legrand has engaged Sustainalytics to review the Legrand Sustainability-Linked Financing Framework dated May 2024 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2023 (SLBP).³

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ 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 SA'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. The measurement and reporting of the KPIs and SPTS 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.

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³ The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at:

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

⁴ 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.

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 2023, the Group employed more than 38,000 people.

As part of its sustainable finance strategy, Legrand and its subsidiaries⁵ intend to issue sustainability-linked bonds and other financial instruments,⁶ whose characteristics are linked with the achievement of sustainability performance targets for 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.

Legrand has engaged Sustainalytics to review the Framework and provide an opinion on the alignment of the Legrand Sustainability-Linked Financing Framework with the SLBP. The Framework will be published in a separate document.⁷

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 have been integrated in 2023 and the data for the acquisitions in 2022 will be integrated in 2024.</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.⁸</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) and the use of sold products (category 11).</p> <p>The Group calculates its scope 3 emissions in accordance with the GHG Protocol standards.⁹</p>
KPI 3: Key suppliers’ engagement on GHG emissions reduction (ktCO ₂ e and number of	<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 number of key suppliers that have committed to reducing their emissions; and ii) 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 to calculate supply chain emissions.¹⁰ Legrand has classified suppliers based on product families, for example, steel, aluminium and PVC, and will</p>

⁵ For issuances by its subsidiaries under the Framework, Legrand has communicated to Sustainalytics that it will be responsible for ensuring continual alignment of such issuances with the criteria defined in the Framework.

⁶ Sustainalytics has reviewed just those financial instruments that have been specified in the Framework.

⁷ Legrand Sustainability-Linked Financing Framework is available on Legrand’s website at: <https://www.legrandgroup.com/en/endettement-investisseurs-obligataires>

⁸ Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁹ Greenhouse Gas Protocol, “Corporate Value Chain (Scope 3) Accounting and Reporting Standard”, at: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf

¹⁰ Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<p>committed suppliers)</p>	<p>calculate scope 3 emissions based on CO₂ emissions 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. In 2023, the top 500 suppliers represented 64% of the purchased goods and services category.</p> <p>To calculate the emissions, Legrand has adopted 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 emissions factors for each purchasing family to obtain the GHG emissions. The emissions factor for a category is derived from existing databases, including ADEME,¹¹ EIME¹² or Ecoinvent.¹³</p>
<p>KPI 4: Proportion of management positions filled by women (%)</p>	<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.¹⁴</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	2019	2020	2021	2022 (baseline)	2023	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO ₂ e)	177	148	139	121	85	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 baseline

KPI	2022 (baseline)	2023	SPT 2030
KPI 2: Absolute scope 3 GHG emissions (ktCO ₂ e)	12,630	12,293	SPT 2: Reduce absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline

KPI	2021 (baseline)	2022	2023	SPT 2024
KPI 3: Key suppliers' engagement on GHG emissions reduction – (KPI 3a: supplier committed GHG emissions (ktCO ₂ e))	0	127.0	215.5	SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO ₂ e by 2024 from a 2021 baseline
KPI 3: Key suppliers' engagement on GHG emissions reduction – (KPI 3b: number of committed suppliers)	0	111	195	SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline

¹¹ ADEME, "Data", at: <https://www.ademe.fr/en/our-missions/data/>

¹² LCIE Department CODDE, "EIME: LCA and ecodesign software", at: <https://codde.fr/en/our-software/eime-presentation>

¹³ Ecoinvent "Ecoinvent Database", at: <https://ecoinvent.org/the-ecoinvent-database/>

¹⁴ Korn Ferry Hay Group, "Job Evaluation: Foundations and applications", at: <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/job-evaluation.pdf>

¹⁵ 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.

KPI	2017	2018	2019	2020	2021 (baseline)	2022	2023	SPT 2024
KPI 4: Proportion of management positions filled by women	22.1%	22.6%	23.5%	24.7%	26.7%	28.5%	29.1%	SPT 4: Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline

Sustainalytics' Opinion

Section 1: Alignment 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 SLBP.



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

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 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 climate change effects requires a transition to carbon-neutral operations within companies' boundaries and carbon-neutral value chains.¹⁶ According to 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.¹⁷

In addition, the Sustainability Accounting Standards Board (SASB) identifies Energy Management as a relevant sustainability issue for the Electrical & Electronic Equipment industry. To manufacture products, the industry requires a substantial amount of energy from utility providers, and management of energy efficiency is essential in the industry's energy mix. If not managed sustainably by Legrand, energy use may consequently contribute significantly to GHG emissions.¹⁸

¹⁶ World Economic Forum, "Reducing the carbon footprint of the manufacturing industry through data sharing", (2023), at: <https://www.weforum.org/impact/carbon-footprint-manufacturing-industry/>

¹⁷ Ibid.

¹⁸ SASB, "Electrical & Electronic Equipment", at: <https://www.sasb.org/standards/materiality-finder/find/?company%5B%5D=FR0010307819&lang=en-us>

Additionally, Legrand has identified carbon footprint reduction as a highly material ESG issue (MEI) based on the Global Reporting Initiative (GRI) standards.¹⁹

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 GHG emissions. In 2023, scope 1 and 2 GHG emissions represented 0.7% of the Group's total emissions (scope 1, 2 and 3). KPI 2 covers Legrand's scope 3 emissions from purchased goods and services²⁰ (category 1) and use of sold products (category 11), which accounted for 95% of the Group's total GHG emissions as of 2023. Therefore, in terms of applicability, KPI 1 and KPI 2 collectively address 95.7% of Legrand'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, and to have a high scope of applicability.

KPI 3: Key suppliers' engagement on GHG emissions reduction

According to the World Economic Forum, the electronic industry's upstream scope 3 emissions account for 44% of its total emissions. Scope 3 emissions from electronic manufacturing companies are significant and can account for a large portion of a company's total carbon footprint. Therefore, initiatives focused on supplier engagement is crucial in addressing scope 3 emissions and achieving corporate climate targets.²¹ As part of Legrand's assessment of MEIs based on GRI standards, engaging with suppliers is an important step in reducing the Group's carbon footprint.²² Studies have shown that the carbon footprint of most manufacturers is concentrated in the upstream supply chain, with global production sectors contributing one-fifth of carbon emissions globally and 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.²³

In terms of applicability, Sustainalytics notes that the top 500 suppliers covered by KPI 3 account for approximately 64% of emissions from purchased goods and services in 2023. In return, purchased goods and services emissions represent 18% of scope 3 emissions, while scope 3 emissions represent 99% of Legrand's total emissions in 2023. Therefore, the KPI's applicability is approximately 11%.²⁴ Given that KPI 3 addresses scope 3 emissions from purchased goods and services and is an important component in reducing the Group's total scope 3 emissions, its applicability is assessed on a combined basis with KPI 1 and KPI 2.

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

KPI 4: Proportion of management positions filled by women

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.²⁵ In addition, Sustainalytics' ESG Risk Rating identifies Human Capital as an MEI for the electrical equipment sub-sector.

Regarding applicability, KPI 4 accounts for approximately 30% of Legrand's headcount, based on the total number of managerial positions at Legrand covered by the KPI (11,787) compared to the total number of employees (37,768) as of 2023.²⁶ Sustainalytics considers that increasing the percentage of women in managerial positions has the potential to generate positive impacts across Legrand's operations and, therefore, assesses this KPI to be highly applicable in scope.

¹⁹ The Framework outlines the material topics for the Group.

²⁰ The data for calculating the applicability of KPI 1 and KPI 2 is based on the 2023 emissions inventory, which was shared by Legrand.

²¹ World Economic Forum, "Scope 3 emissions are key to decarbonization – but what are they and how do we tackle them?", (2023), at: <https://www.weforum.org/agenda/2023/09/scope-3-emissions-are-key-to-decarbonization-but-what-are-they-and-how-do-we-tackle-them/>

²² The Framework outlines the material topics for the Group.

²³ World Economic Forum, "Reducing the carbon footprint of the manufacturing industry through data sharing", (2023), at: <https://www.weforum.org/impact/carbon-footprint-manufacturing-industry/>

²⁴ The data for calculating the applicability of KPI 3 is based on the 2023 emissions inventory, which was shared by Legrand.

²⁵ World Economic Forum, "Global Gender Gap Report 2021", at: <https://www.weforum.org/reports/global-gender-gap-report-2021>

²⁶ Legrand, "2022-2024 CSR Roadmap", at: <https://www.legrandgroup.com/en/our-commitments/2022-2024-roadmap>

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) whether the methodology can be benchmarked against an external contextual benchmark.²⁷

KPI 1: Absolute scope 1 and 2 GHG emissions

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 standards.²⁸ Both KPIs also 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 emissions reduction targets. Sustainalytics notes that having carbon emissions 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 emissions calculation methodology but could not be compared against external contextual benchmarks.

KPI 4: Proportion of management positions filled by women

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.²⁹ 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 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 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 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) has a high scope of applicability when measured jointly with KPI 1 and KPI 2; iii) follows an externally defined methodology; and iv) does not lend itself to be benchmarked against external contextual benchmarks.

Sustainalytics considers KPI 4 to be strong given that it: i) is a direct measure of a material issue related to the Group's sustainability performance; ii) has a high scope of applicability; iii) follows a clear and consistent methodology; and iv) does not lend itself to be benchmarked against external contextual benchmarks.

²⁷ 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.

²⁸ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

²⁹ Korn Ferry Hay Group, "Job Evaluation: Foundations and applications": <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/job-evaluation.pdf>

KPI	Strength of KPI			
	Not Aligned	Adequate	Strong	Very strong
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO ₂ e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Absolute scope 3 GHG emissions (ktCO ₂ e)	Not Aligned	Adequate	Strong	Very strong
KPI 3: Key suppliers' engagement on GHG emissions reduction (ktCO ₂ e and number of suppliers)	Not Aligned	Adequate	Strong	Very strong
KPI 4: Proportion of management positions filled by women (%)	Not Aligned	Adequate	Strong	Very strong



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 42% by 2030 from a 2022 baseline.
- SPT 2: Reduce absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline.
- SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline.
- 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.

Sustainalytics considers the SPTs to be aligned with Legrand's sustainability strategy. Please refer to Section 2 for an analysis of the credibility of Legrand's sustainability strategy.

- **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 with suppliers to reduce scope 3 emissions.³⁰
- **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.^{31,32}

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 42% by 2030 from a 2022 baseline

- Legrand aims to focus on the following to achieve SPT 1: i) increase the use of renewable 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; ii) replace hydraulic machines with electric injection machines to potentially achieve a 50% reduction in energy consumption; and iii) increase the fleet of electric and hybrid vehicles and install charging stations in parking areas at several of its sites. The Group also aims to obtain ISO 14001 certification for all production and logistic sites and new sites within five years of acquisition.

³⁰ 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

³¹ Ibid.

³² Legrand, "2022 Integrated Report", at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2023/LEGRAND_integrated_report_2022_EN_Vdef_1686843724.pdf

SPT 2: Reduce absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline

- Regarding SPT 2, Legrand has set goals to reduce emissions from the purchase of raw materials and components by engaging with key suppliers to adopt sustainable practices and encouraging them to reduce emissions by 30% by 2030. To reduce emissions from the packaging of goods, Legrand is focused on increasing the use of recycled materials, including developing 100% recycled and renewable material use in packaging. In 2022, Legrand achieved 80.3% recycled or renewable material use in packaging. In addition, the Group aims to stop using single-use plastic, firstly by eliminating plastic flow packs and expanded polystyrene in packaging by 2024 and increasing the use of recycled plastic by 15% and recycled metals by 40% by 2024 in its products.³³ The Group aims to reduce the emissions related to transportation by 3.5% every year.

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

- To achieve SPT 3, Legrand has set goals that include: i) conduct training for more than 1,500 employees on sustainable procurement and set guidelines on supplier selection criteria and risk identification; and ii) utilize 15% recycled plastics and 40% recycled metals in products manufactured by 2024 and reduce the weight of packaging. The Group will also take measures such as consolidate the various manufacturing stages into a single location to reduce transportation between sites, increase the use of transportation by sea, rail or river, where possible, as an alternative to road transportation and limit the use of air freight to reduce its emissions from downstream transportation.³⁴

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

- For SPT 4, Legrand 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. Legrand also aims to conduct campaigns and train employees to create awareness among its workforce and 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-based references.³⁵

Legrand has set the baseline for SPT 1 and SPT 2 at 2022 to align with the Group'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 available 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 177 ktCO₂e in 2019 to 85 ktCO₂e 2023. Between 2019 and 2022 (baseline year), Legrand achieved an average annual reduction in absolute scope 1 and 2 GHG emissions of 12%. Achieving SPT 1 implies an average annual GHG emissions reduction of 5.25% between 2022 (baseline) and 2030 and 2.41% between 2023 (the most recent year of reporting) and 2030. Hence, Sustainalytics notes that SPT 1 is below historical performance.

Based on a review of five peers in the electrical equipment and machinery subindustry that have global and regional operations, Sustainalytics found that all its peers have set absolute scopes 1 and 2 GHG emissions reduction targets. The targets established by Legrand are more ambitious compared to two peers, aligned with one peer and less ambitious than two peers. Overall, Sustainalytics considers SPT 1 to be aligned with peer performance.

³³ Details of the strategy have been incorporated based on the information provided in the Framework.

³⁴ Details of the strategy have been incorporated based on the information provided in the Framework and Legrand.

³⁵ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

For comparison with 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. Additionally, SPT 1 has been validated by the SBTi.

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

Legrand has communicated to Sustainalytics that the Group changed the methodology to calculate scope 3 emissions in 2022 and has yet to restate the data prior to 2022 to reflect the methodological changes. Given this, the historical data related to SPT 2 is only available for 2022 and 2023, which is not sufficient to determine historical performance. Therefore, Sustainalytics has not considered this criterion in its assessment.

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

For comparison with science, Sustainalytics notes that Legrand's scope 3 GHG emissions reduction target is aligned with the SBTi's 2°C decarbonization trajectory. Additionally, SPT 2 has been validated by the SBTi.

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

SPT 3a: Sustainalytics notes that Legrand's suppliers have exceeded the targets for 2022 and 2023. Legrand's suppliers committed to reduce their emissions by an aggregate 127 ktCO₂e by 2022, exceeding their collective commitment of 80 ktCO₂e for that year. Similarly, Legrand's suppliers committed to reduce their emissions by an aggregate of 215 ktCO₂e by 2023, exceeding their collective commitment of 200 ktCO₂e for that year. Hence, Sustainalytics considers SPT 3a to be above historical performance.

Regarding peer performance, Sustainalytics' analysis of five peers indicates that SPT 3a is not widely used in the electrical equipment and machinery subindustry, although some peers have emission-related targets or initiatives for its suppliers as part of their sustainability strategies. Sustainalytics notes that one peer has set emission-related targets for its suppliers, but direct comparison is limited due to variation in reporting metrics. Furthermore, two peers have set supplier engagement-related initiatives, but have not publicly disclosed scope 3 emission-related targets specifically for suppliers, while two other peers do not have any supplier engagement-related targets. Noting that the majority of the peers do not have targets related to SPT 3a, Sustainalytics considers SPT 3a to be above with peers.

SPT 3b: Sustainalytics notes that the number of suppliers engaged in 2022 and 2023 exceeds the targets set for those years. The number of suppliers engaged in 2022 and 2023 were 111 and 195, respectively, which is higher compared to the target of engaging 50 suppliers in 2022 and 125 in 2023. Hence, Sustainalytics considers SPT 3b to be above historical performance.

Sustainalytics' analysis of Legrand's peers indicates that SPT 3b is not widely used in the electrical equipment and machinery subindustry, although some peers have established initiatives to advance supplier engagement as part of their sustainability strategy. Sustainalytics notes that two peers have set supplier engagement-related targets: The target of one peer is above Legrand's target, and direct comparison is limited with the other peer due to variation in reporting metric. The remaining three peers have not disclosed supplier engagement-related targets. Given that most of the peers do not have targets related to SPT 3a and Legrand's performance is above one peer, Sustainalytics considers SPT 3b to be above peer performance.

Sustainalytics notes that both SPT 3a and SPT 3b need to be attained for KPI 3 to be considered achieved. Sustainalytics recognizes that Legrand's objective to ensure that at least 50% of key suppliers set emissions reduction targets 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 increase to 30% by 2024 compared to 26.7% in 2021, representing an increase of 1.1 percentage

points per annum between 2021 and 2024. Additionally, Sustainalytics notes that as of 2023, women represented 29.10% of management positions in the Group. 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 in Group.

Based on a comparison with five peers, Sustainalytics considers SPT 4 to be above its peers. Three peers have included the increase in women representation in managerial positions as a focus area, but none of the peers assessed have established quantitative targets for a future target year.

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 is: i) below historical performance; ii) aligned with the targets set by peers; and iii) aligned with the SBTi’s 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) does not have historical data for comparison; ii) is above the targets set by industry peers; and iii) aligned with the SBTi’s 2° scenario.

Sustainalytics considers SPT 3a and 3b to be ambitious given that they: i) represent an improvement versus past performance; ii) are broadly above targets set by peers; and iii) is not comparable with an external science-based reference.

Sustainalytics considers SPT 4 to be moderately ambitious given that it: i) is below historical performance; ii) compares more favourably than peers; and iii) is not comparable with an external science-based reference.

SPT	Ambitiousness of SPT			
SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO _{2e} 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 SPT 3a and SPT 3b would need to be met. Considering that Sustainalytics has taken a combined approach to assessing the applicability of KPI 1, KPI 2 and KPI 3, Sustainalytics encourages Legrand to link all three KPIs to the financial characteristics of instruments issued or obtained under the Framework. The details of the coupon adjustment will be outlined in the relevant bond documentation. Sustainalytics considers the relevant characteristics of the sustainability-linked bond to be aligned with the SLBP, noting that it does not opine on the adequacy or magnitude of the financial penalty.

Sustainalytics recognizes that Legrand can issue multiple sustainability-linked bonds under the Framework. Legrand has confirmed to Sustainalytics that the Group will select at least two or more KPIs in the sustainability-linked bond issuances, but KPI 1 and KPI 2 will always be selected together as part of any issuances. In addition, Legrand has communicated to Sustainalytics that the Group intends to include at least one climate change related KPI in each issuance.

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 include the most material and relevant KPIs and their associated SPTs for the bond issuances under the Framework.



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 will be published on Legrand's website. 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. The reporting commitments are aligned with the SLBP.



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.³⁶ The Group applies the principles of the UN Global Compact,³⁷ the GRI disclosure standards,³⁸ and the ISO 26000 guidelines to inform its approach to sustainability.³⁹

Legrand's commitments to reduce its carbon footprint include its 2050 target of achieving net-zero and 2030 targets of reducing carbon emissions from its own operations by 42% and emissions across its value chain by 15% versus 2022 levels. 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. Legrand has also established short-term goals that include a reduction of its scope 1 and 2 GHG emissions by 10% per annum between 2022 and 2024 through energy efficiency improvements at manufacturing sites and renewable energy sourcing.⁴⁰ In terms of the performance against its emissions reduction targets, Legrand had achieved a 14.9% reduction in scope 1 and 2 CO₂ emissions in 2022 versus 2021 through energy efficiency solutions, compared to the target of 10%. Regarding scope 3 emissions, as of 2022, 111 of Legrand's suppliers had committed to reduce their emissions by 127.3 tCO₂e emissions compared to the Group's target of having 250 suppliers commit to a combined emissions reduction of 400 tCO₂e emissions by 2024.⁴¹

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. 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.^{42,43} By the end of 2022, Legrand had created 3,875 new early-career opportunities, and women occupied 28.5% of its management positions.⁴⁴

Based on the above, Sustainalytics is of the opinion that the Framework is aligned with 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 recognizes that Legrand's defined targets are impactful but notes that achieving the SPTs bears environmental and social risks related to: 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:⁴⁵ i) implementing ISO 9001 for quality management systems, with 86% of the Group's sites certified as of 2022;⁴⁶ ii) carrying out product accreditation at certified laboratories before bringing products to

³⁶ Legrand, "2022 Integrated Report", at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2023/LEGRAND_integrated_report_2022_EN_Vdef_1686843724.pdf

³⁷ Legrand, "Legrand and the Global Compact", at: <https://www.legrandgroup.com/en/our-commitments/legrand-and-global-compact>

³⁸ UN Global Compact, "Legrand", at: <https://unglobalcompact.org/what-is-gc/participants/6098>

³⁹ ISO, "ISO 26000: Social Responsibility", at: <https://www.iso.org/iso-26000-social-responsibility.html>

⁴⁰ 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

⁴¹ Legrand, "2022 Integrated Report", at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2023/LEGRAND_integrated_report_2022_EN_Vdef_1686843724.pdf

⁴² 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

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Legrand, "2022 Universal registration document", (2023), at:

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

⁴⁶ Legrand, "2022 Integrated Report", at:

https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2023/LEGRAND_integrated_report_2022_EN_Vdef_1686843724.pdf

market; iii) using surveillance plans to monitor products' performance at manufacturing, marketing and on-market stages to achieve consistency in product quality; and iv) 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.

- **Business Ethics:** Legrand has established a Guide to Best Business Practice⁴⁷ 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 also 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 its employees and suppliers with business ethics training programmes, conducts regular audits of its operations and has a whistleblowing policy that encourages employees to report any ethical concerns.⁴⁸
- **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.⁴⁹

In addition to the above, Sustainalytics notes that it has found no evidence of any major environmental or social controversies related to the Group. Overall, Sustainalytics considers that Legrand has strong 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 2050.⁵⁰ 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.^{51,52} The country has also set a target to reduce 50% of the energy consumption in its most carbon-emitting sectors by 2050 compared to 2020.⁵³ 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 EU's and country's 2030 climate targets.⁵⁴ Additionally, France has implemented a number of policies and initiatives to reduce GHG emissions, such as the Energy Transition Law⁵⁵ and the National Low-Carbon Strategy,⁵⁶ which aim to reduce emissions in different sectors of the economy, and encourage the use of renewable energy and energy efficiency measures. France's National Low-Carbon Strategy, established in 2015, also outlines a plan to achieve the country's climate commitments by facilitating the management of policies to reduce GHG emissions.⁵⁷

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.

⁴⁷ 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

⁴⁸ 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

⁴⁹ Legrand, "Human Rights Charter", (2018), at: https://www.legrandgroup.com/sites/default/files/Documents_PDF_Legrand/RSE/2018/HumanRightsCharter_2018.pdf

⁵⁰ European Commission, "The European Green Deal", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

⁵¹ European Union, "Integrated National Energy and Climate Plan for France", (2020), at: https://energy.ec.europa.eu/system/files/2022-08/fr_final_necp_main_en.pdf

⁵² 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

⁵³ 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

⁵⁴ Ibid.

⁵⁵ 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_c0f1

⁵⁶ Government of France, "Stratégie Nationale Bas-Carbone", at: https://www.ecologie.gouv.fr/sites/default/files/SNBC_SPM_Eng_Final.pdf

⁵⁷ Government of France, "Stratégie Nationale Bas-Carbone", at: https://www.ecologie.gouv.fr/sites/default/files/SNBC_SPM_Eng_Final.pdf

Importance of gender equality in the EU and France

According to the 2023 Global Gender Gap Report, it is estimated that it will take another 131 years to achieve gender equality considering the reported pace of progress.⁵⁸ 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.⁵⁹ In 2023, France scored 75.7 out of 100 points in the Gender Equality Index, highlighting the lack of full equality among genders in the country.⁶⁰ 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.⁶¹ Moreover, increasing women’s representation in senior and middle management roles enhances the representation of women in decision-making processes, thereby resulting in bridging the gender gap in an organization.⁶² Specifically in the technology sector, the proportion of women in the sector is lower than the one of women in the overall workforce.⁶³ In 2022, 24% of the leadership roles in France were occupied by women in the technology sector.⁶⁴

Sustainalytics is of the opinion that Legrand’s programmes on gender diversity and its goal of having women represent 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 SDGs 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: Proportion of management positions filled by women	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

⁵⁸ World Economic Forum, “Global Gender Gap Report 2023”, at: https://www3.weforum.org/docs/WEF_GGGR_2023.pdf

⁵⁹ 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.

⁶⁰ European Institute for Gender Equality, “Gender Equality Index: France in 2023”, at: <https://eige.europa.eu/gender-equality-index/2023/country/FR>

⁶¹ IFC, “Report: 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

⁶² Ibid.

⁶³ 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>

⁶⁴ World Economic Forum, “Global Gender Gap Report 2022”, at: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

Conclusion

Legrand and its subsidiaries intend to issue sustainability-linked bonds and other financial instruments, whose characteristics are linked with the Group's performance on the following SPTs:

- (1) SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 baseline.
- (2) SPT 2: Reduce absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline.
- (3) SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO₂e by 2024 from a 2021 baseline.
- (4) SPT 3b: Engage 250 key suppliers to have emissions reduction targets by 2024 from a 2021 baseline.
- (5) SPT 4: Increase women representation in managerial positions to 30% by 2024 from a 2021 baseline.

Sustainalytics considers KPI 1 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 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 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) has a high scope of applicability when measured in combination with KPI 1 and KPI 2; iii) follows an externally defined methodology; and iii) does not lend itself to be benchmarked against external contextual benchmarks.

Sustainalytics considers KPI 4 to be strong given that it: i) is 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; and iv) does not lend itself to be benchmarked against external contextual benchmarks.

Furthermore, Sustainalytics considers all SPTs to align with the Group's sustainability strategy and considers SPT 1 to be highly ambitious given that it is: i) below historical performance; ii) aligned with the targets set by peers; and iii) aligned with the SBTi's 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) does not have historical data for comparison; ii) above with the targets set by industry peers; and iii) aligned with the SBTi's 2° scenario.

Sustainalytics considers SPTs 3a and 3b to be ambitious given that they: i) represent an improvement versus current performance; ii) are broadly above targets set by peers and iii) is not comparable with an external science-based reference.

Sustainalytics considers SPT 4 to be moderately ambitious given that it: i) is below historical performance; ii) compares more favourably than peers; and iii) is not comparable with an external science-based reference.

Additionally, Sustainalytics considers the reporting and verification commitments to be aligned with the Sustainability-Linked Bond Principles 2023.

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 2023 and the prospective achievement of the SPTs to be impactful.

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For more information, visit www.sustainalytics.com

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