

# TOGETHER IMPROVING LIVES

Updated Sustainability-Linked  
Financing Framework

May, 2023



# Agenda

## Updated Sustainability-Linked Financing Framework

- 1- A unique business model
- 2- 2023 First-Quarter Results
- 3- Legrand CSR/ESG approach & strategy
- 4- Updated Sustainability-Linked Financing Framework
- 5- Ratios and transaction overview
- 6- Appendix



Ronan Marc  
Corporate Vice-President  
Investor Relations, Financing & Treasury



Olivier Le Floc'h  
Group Vice-President  
Carbon Neutrality

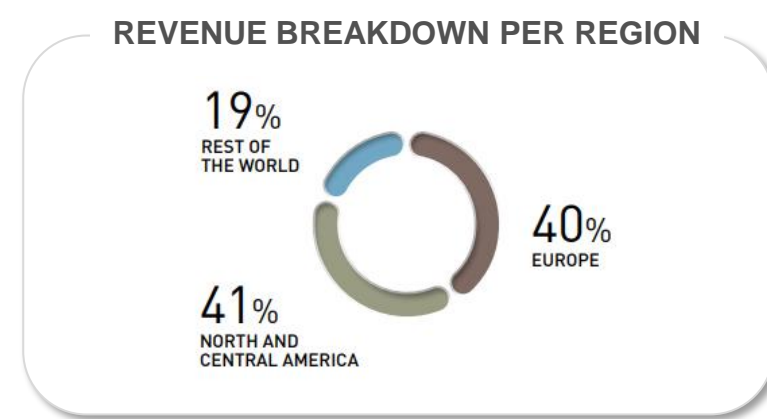
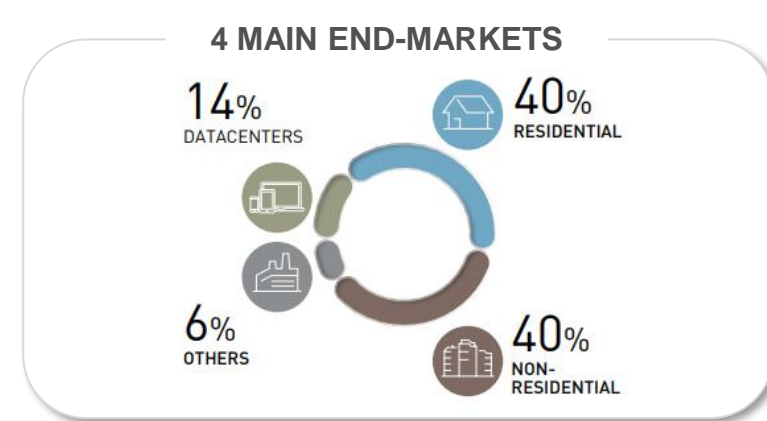


# 1

A unique business model

# Legrand key figures

As of December 31<sup>st</sup>, 2022





# A unique business model

## Focused on value creation

**PURE PLAYER** specialist  
in electrical and digital  
building infrastructure

Over 300,000 references in  
building infrastructure

Vast addressable  
market with numerous  
**OPPORTUNITIES  
FOR ACQUISITIONS**

>€120Bn addressable market  
Not very sensitive to the  
economic cycle

Large exposure to  
**DIVERSE** geographies  
and to **BUOYANT  
MEGATRENDS**

Sales in ~170 countries  
Many supportive  
megatrends

**MARKET LEADERSHIP**  
with close relationship to  
the whole value chain

~2/3 of sales as leader

**SOLID PROCESSES**  
to steer & optimize  
performance

Managers incentivized on  
global integrated  
performance

Experienced, **DEDICATED**  
and talented management  
& **TEAMS**

80% engagement rate,  
Voluntary turnover of ~8.6%

High **FINANCIAL VALUE  
CREATION** with strong  
profitability

Above benchmark growth,  
profitability (~20%)

**EXEMPLARY**  
business ethics &  
**ESG EXCELLENCY**

> 5<sup>th</sup> CSR Roadmap launch  
> 123% achievement 1<sup>st</sup> year

# A unique business model

## Industry-benchmark integrated value creation over 5 years - Financial metrics

### TOTAL SALES TREND

**>+50%**

in value  
(2022 vs. 2017)

### ADJUSTED EBIT ON SALES

**~20%**

of sales  
(average  
2018-2022)

### ADJUSTED NET PROFIT ATTRIBUTABLE TO THE GROUP

**+83%**

in value  
(2022 vs. 2017)

### FREE CASH FLOW

**+49%**

in value  
(2022 vs. 2017)

**Improved market positions**  
**Productivity gains offsetting M&A dilution and net inflation**  
**Secured long-term pricing power**

# A unique business model

Only pure player with the largest product offering on the market (1/2)



Electrical installation control



Make power available



Electricity distribution



Remote monitoring and management of all kinds of infrastructures



Provide a secure, stable & optimized power supply



Protecting electrical installations



Electric vehicle charging



Measure and control energy consumption

>300,000 product references  
**A strong barrier to entry**

# A unique business model

Only pure player with the largest product offering on the market (2/2)



Structured cabling systems installation



Distributing audio and video signals



Datacenter “white space” infrastructure organization



Supplying power to workstations



Lighting management and optimization



Temperature regulation and monitoring sunlight



Ensuring that people can move around buildings and exit them safely



Welcoming and screening visitors

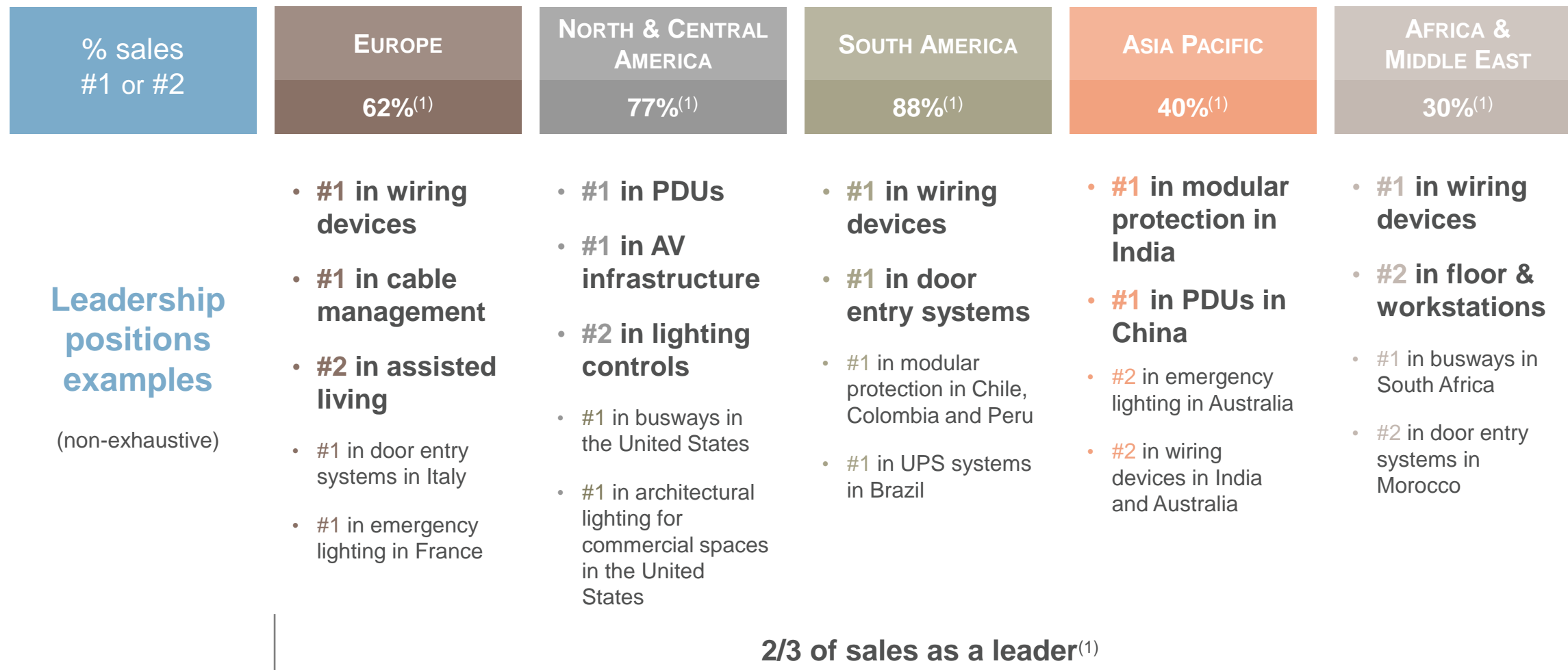
>300,000 product references

**A strong barrier to entry**



# A unique business model

## Giant in profitable niches: leadership positions across the globe

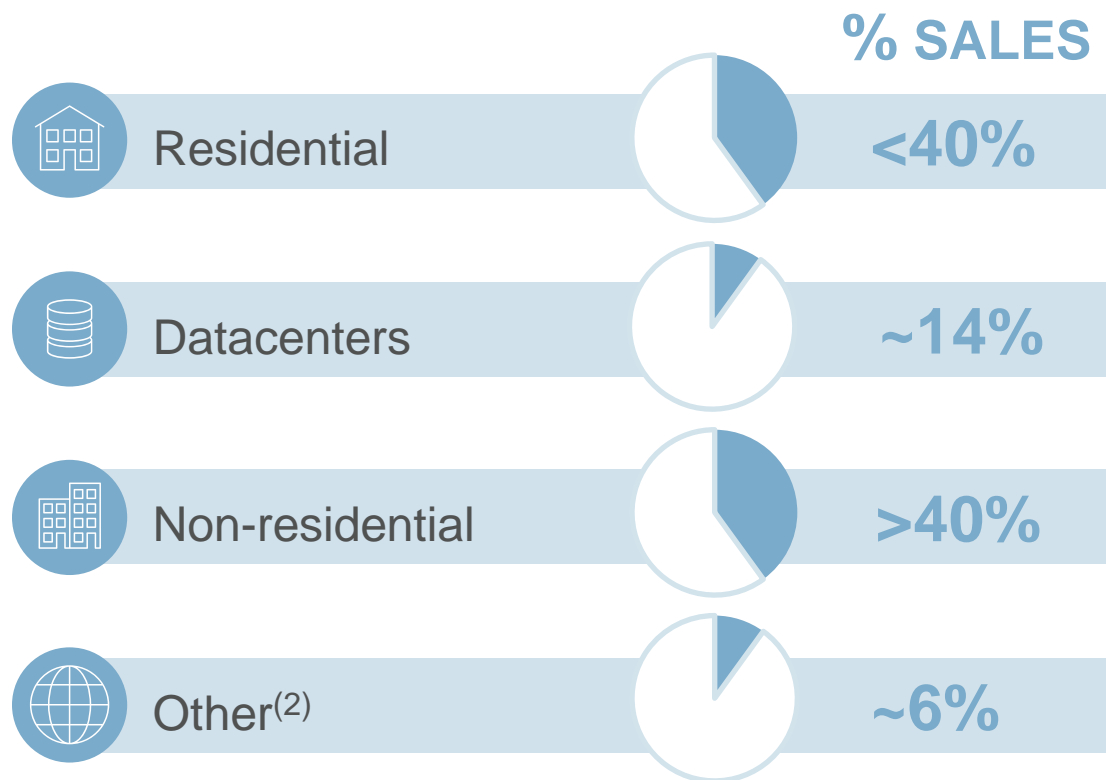


1. Leadership positions (#1 or #2 in a product family in a given country) of Legrand, estimated at the end of 2022.

# A unique business model

Only global pure player in the electrical & digital building infrastructure industry

NEARLY 100% OF SALES IN BUILDINGS<sup>(1)</sup>...



with overall >40% in renovation

1. Breakdown of consolidated sales by destination and estimated by vertical in 2022  
 2. Primarily industrial and infrastructure

...DRIVEN BY MEGATRENDS

Electrification  
secular trends

- Demographics
- Urbanization
- Rising middle classes

Top-of-the-agenda  
trends

- Buildings of the future
- Climate emergency
- Health and well-being

Changing uses

- Digital lifestyles
- Hybrid workplaces
- Online business

# A unique business model

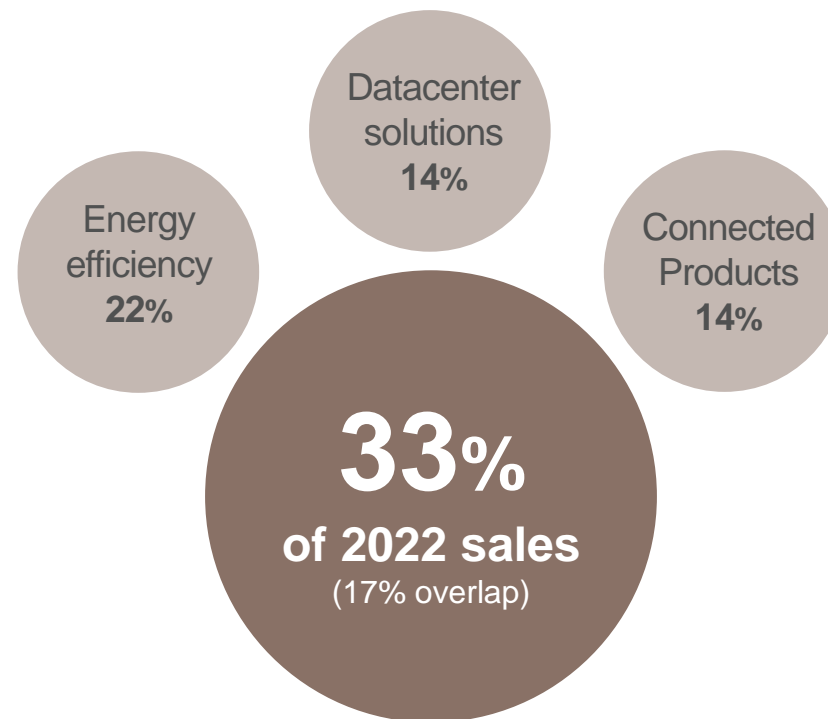
## Legrand offerings: core infrastructure products & faster expanding segments

### CORE INFRASTRUCTURE PRODUCTS



Provides brand awareness, customer loyalty, steady growth and more

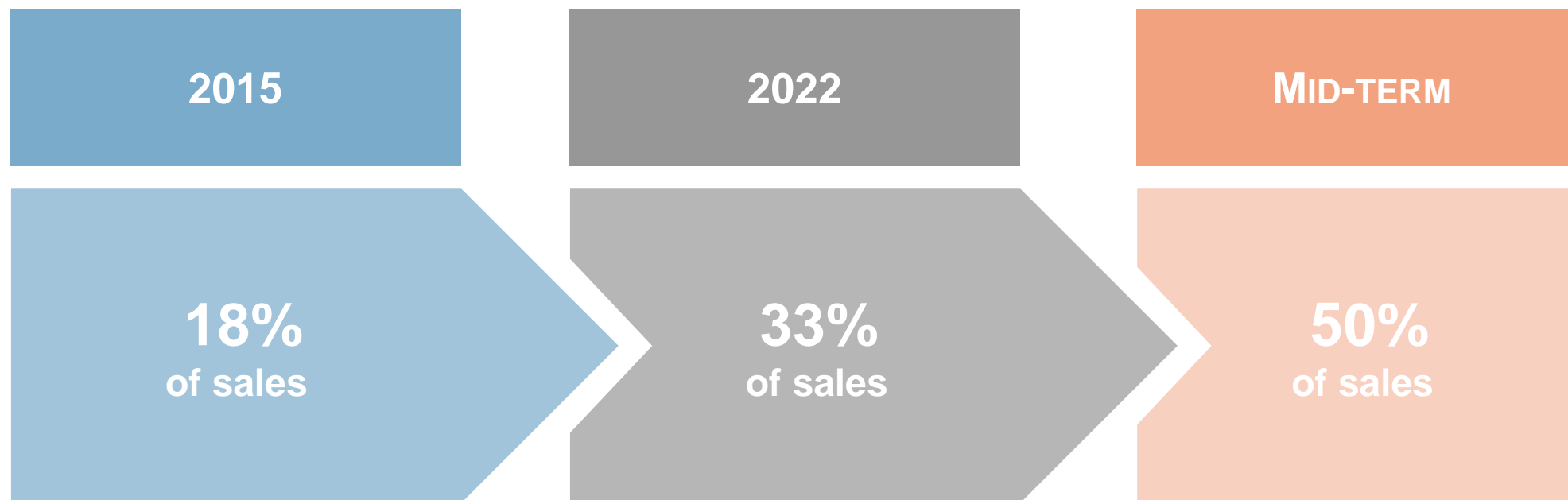
### FASTER EXPANDING SEGMENTS



Provides above market growth, access to complementary markets & customers and more

# A unique business model

Strengthened growth profile: focus on faster expanding segments

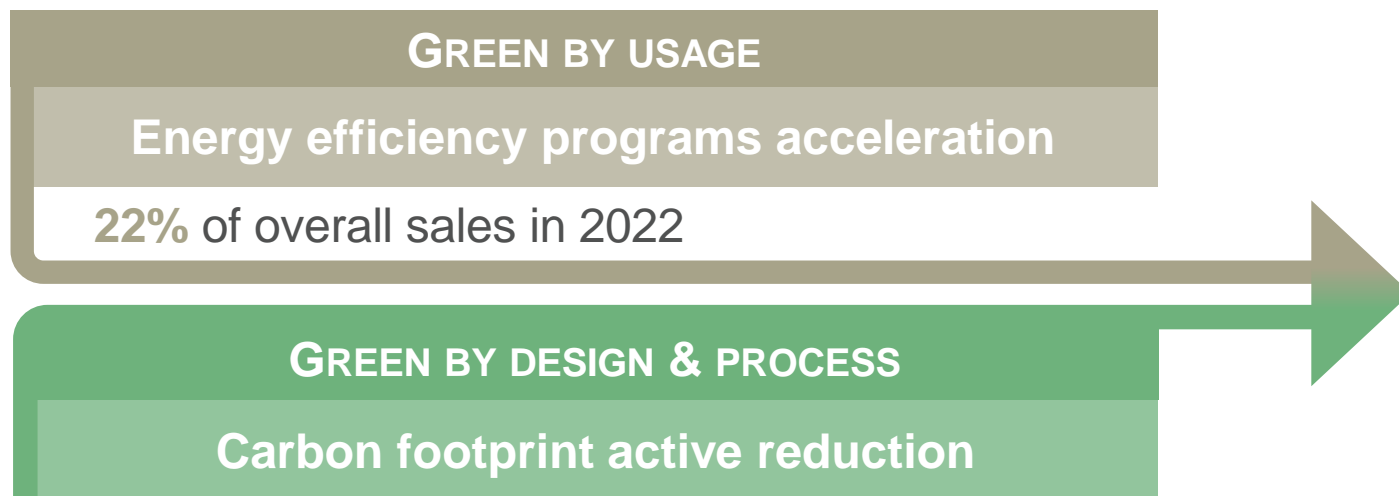


**Maintained momentum on faster expanding segments in 2022  
paving the way for mid-term objectives**



# A unique business model

## Sustainable sales: environmental emergency



~75% in 2022<sup>(1)</sup>  
sustainable sales  
to **80%** by 2030

**Carbon footprint commitments impacting whole organization and supply chain**

**Aligned on 1.5°C by 2030 Targets, validated with SBTi**

- **-50%** on scope 1&2
- **-15%** on scope 3



1. Excluding overlaps. By design: ~69% covered by Product Sustainability Profiles. By usage: 22% Energy Efficiency products programs.

# A unique business model

## Organic growth through ongoing investment in R&D

SUSTAINED & CONSISTENT R&D

PIONEERING PRODUCT INNOVATION

~5%  
of sales on  
the long run



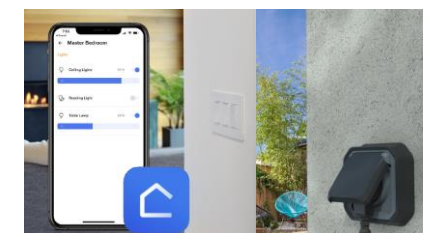
Incara  
power in furniture



Smarter AC  
thermostats



Nexpan cabinets



New connected  
user interfaces

# A unique business model

## M&A: numerous opportunities & successful docking



### MARKET STRUCTURE

Close to **3,000** small and mid-sized companies

1/2 of addressable market in the hands of **local players**



### CLOSE CONTACTS

~**300** companies in the Group's pipeline

**Keeping close contacts** at all time and push valuable deals forward



### SELECTIVE APPROACH

~**5** companies acquired on average per year over last decade

**Highly complementary leadership positions**

**Value creative** (ROI > WACC) within 3 to 5 years



### DOCKING PROCESS

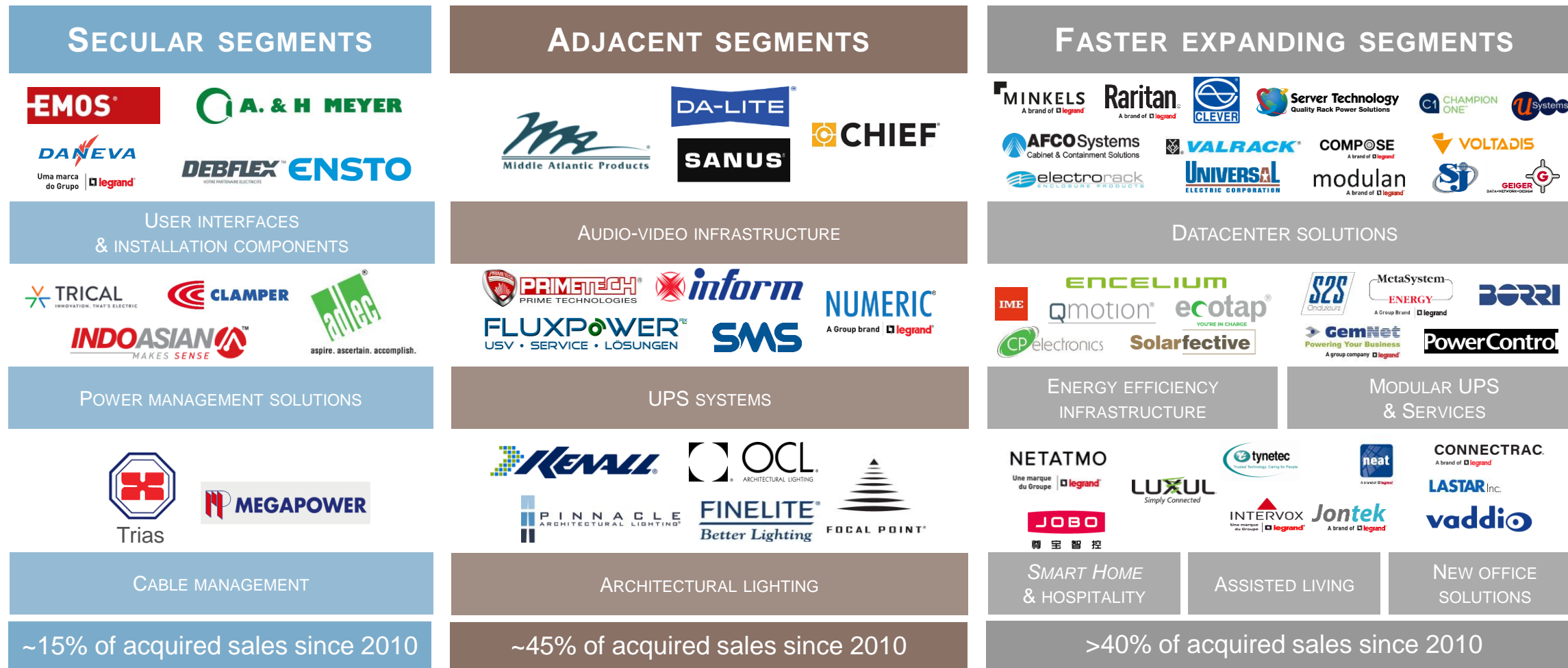
Highly industrialized process

**Front & Back-office synergies**

Accelerate growth while strengthening acquired companies **core fundamentals**

# A unique business model: successful acquisitions strategy

~€5.6bn<sup>(1)</sup> invested in 60<sup>(2)</sup> acquisitions made since 2010 totaling ~€2.8bn<sup>(2)</sup> annual sales



Average Legrand annual growth in sales linked to the scope effect was +4.0% from 2010 to 2022

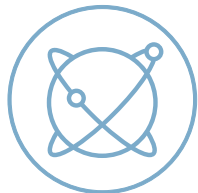
1. Investments amounts indicated at end of 2022 excluding Clamper, acquired early 2023.

2. Number and total annual sales indicated including Clamper, acquired early 2023.

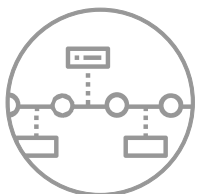


# A unique business model

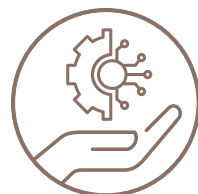
Operating performance strengthened further through initiatives to enhance productivity



**ONGOING OPTIMIZED  
INDUSTRIAL FOOTPRINT**



**ACTIVE  
PLATFORMIZATION**



**INDUSTRY 4.0  
DEPLOYMENT  
(80% OF MAIN SITES)**



# A unique business model

## Ambitious mid-term targets (1/2)<sup>(1)</sup>

### FINANCIAL TARGETS...

Over a **full economic cycle** and excluding a major economic slowdown, the Group aims for:

- an **average annual growth in sales**, excluding exchange-rate effects, of between **+5%** and **+10%**;
- an **average adjusted operating margin**<sup>(2)</sup>, of approximately **20% of sales**;
- a **normalized free cash flow** of between **13%** and **15% of sales on average**.

### ...WITH A BALANCED CAPITAL ALLOCATION

**>1/2 of free cash flow** invested in bolt-on **acquisitions**, whilst preserving a solid balance sheet

**~50%** average dividend **payout ratio**

**Share buyback** compensating for the dilution linked to **LTI**<sup>(3)</sup> **programs**

1. For more information, see Legrand press releases dated February 11, 2021, September 22, 2021 and March 29, 2022.

2. Including restructuring costs.

3. LTI : Long Term Incentives.

# A unique business model

## Ambitious mid-term targets (2/2)<sup>(1)</sup>

EXEMPLARY AND AMBITIOUS ESG APPROACH  
FOR THE MID- AND LONG-TERM...

### 2030 ambitions built on 3 pillars

- Act for the climate by reducing direct carbon emissions (**Scopes 1 & 2**) by **-50%** and indirect (**Scope 3**) **by -15%** compared with 2019, respecting a 1.5°C scenario in terms of global warming
- Promote diversity at work by targeting **1/3 of key positions held by women** and **gender parity in the workforce**
- **~80% of sales** made with **eco-responsible** offerings

### 2050 carbon neutrality

...UNDERPINNED IN THE SHORTER TERM  
BY A 5TH CSR ROADMAP

**A new roadmap for 2022-2024** focused on key topics and deployed through **4 pillars and 15 priorities**

- Promote diversity & inclusion
- Reduce our carbon footprint
- Develop a circular economy
- Be a responsible business

**Amplifying our impact through a structured action plan** contributing to **10 UN Sustainable Development Goals (SDG)**

1. For more information, see Legrand press releases dated February 11, 2021, September 22, 2021 and March 29, 2022.



# 2

## 2023 First-Quarter Results



# 2023 first-quarter results

Strong growth in sales / very robust growth in results & cash generation

	Q1 2022	Q1 2023	TRENDS
SALES (IN €MM)	1,972	2,150	<b>+9.0%</b> (organic: +7.4%)
ADJUSTED OPERATING MARGIN AS A SHARE OF SALES	20.3%	22.2% <sup>(1)</sup>	<b>+1.9 points</b>
NET PROFIT ATTRIBUTABLE TO THE GROUP (IN €MM)	258	331	<b>+28.0%</b>

A solid quarter with robust growth in faster expanding segments (*energy efficiency, datacenters, connected products*), despite weaknesses on residential markets in several geographies

1. After dilution from scope of consolidation of -20bps and impact of Russia -20bps.

## 2023 full-year targets<sup>(1)</sup>

### Unchanged

In 2023, the Group is pursuing its profitable and responsible development laid out in its strategic roadmap<sup>(2)</sup>.

Taking into account the world's current macroeconomic outlook, with confidence in its model for creating integrated value, and excluding impacts linked to the Group's disengagement from Russia<sup>(3)</sup>, Legrand has set the following **full-year targets for 2023**:

- **sales growth at constant exchange rates** of between **+2%** and **+6%**, including a scope of consolidation effect of around **+3%**;
- an **adjusted operating margin** before acquisitions<sup>(4)</sup> of **around 20%** of sales;
- **at least 100% CSR achievement** rate for the second year of its 2022-2024 roadmap.

1. For more information, see Legrand press release dated February 9, 2023.

2. For more information, readers are referred to the press releases dated September 22, 2021 and March 29, 2022.

3. For more information, see Legrand press release dated January 25, 2023.

4. At 2022 scope of consolidation, excluding Russia and related impacts.

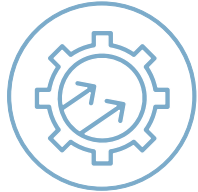


# 3

## Legrand CSR/ESG approach & strategy

# Legrand CSR/ESG approach & strategy

CSR, a core part of the Group's integrated performance to fuel growth...



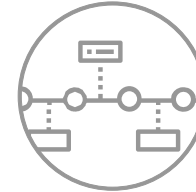
## CLOSE TO 20 YEARS COMMITMENT ON SUSTAINABILITY

- CSR department created in 2004
- The 2022-2024 roadmap is our 5<sup>th</sup> CSR roadmap



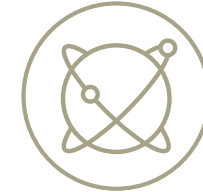
## CLEAR CSR & GOVERNANCE PROCESSES

- CSR priorities identified through a worldwide materiality survey (>5K respondents)
- CSR on the agenda of Board meetings and its committees



## CSR, A SIZEABLE PART OF OUR INCENTIVE SCHEME

- A KPI-based approach
- > 1,400 people directly incentivized on CSR
- CSR represents 17.5% of the CEO's total target compensation



## QUALITY REPORTING AND AUDITED RESULTS

- Non-financial reporting externally audited since 2015
- CSR results published alongside financial results



# Legrand CSR/ESG approach & strategy

## ... with Board governance as one of its pillars



### SEPARATE CORPORATE GOVERNANCE STRUCTURE

- Separation of duties between non-executive Chair and CEO



### INDEPENDENCE AND DIVERSITY

- 83%<sup>(1)</sup> independent board members
- 42%<sup>(1)</sup> women
- 7<sup>(1)</sup> nationalities (from June)



### STRONG INVOLVEMENT

- 24 meetings in 2022 (Board & committees)
- 96% attendance rate



### COMPLEMENTARY EXPERTISE

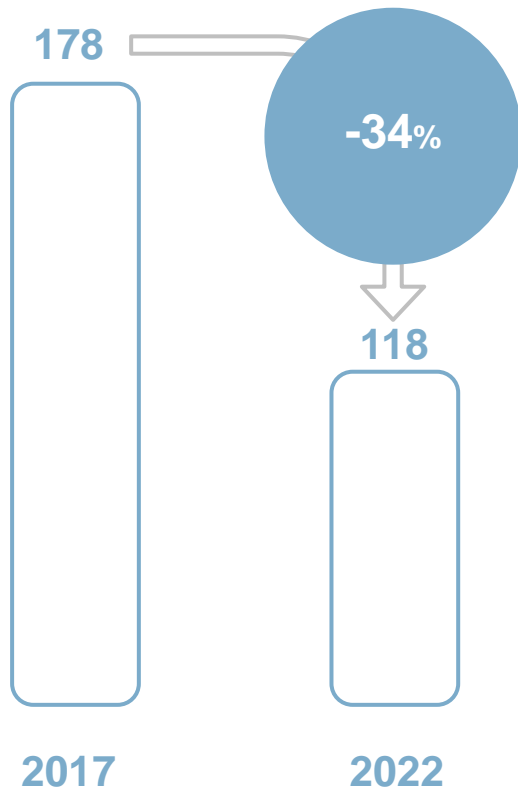
- CEOs or former CEOs of SBF120 companies
- Additional expertise include finance, marketing & strategy, new technologies, industrial topics, CSR, human resources

1. Ratios presented excluding directors representing employees.

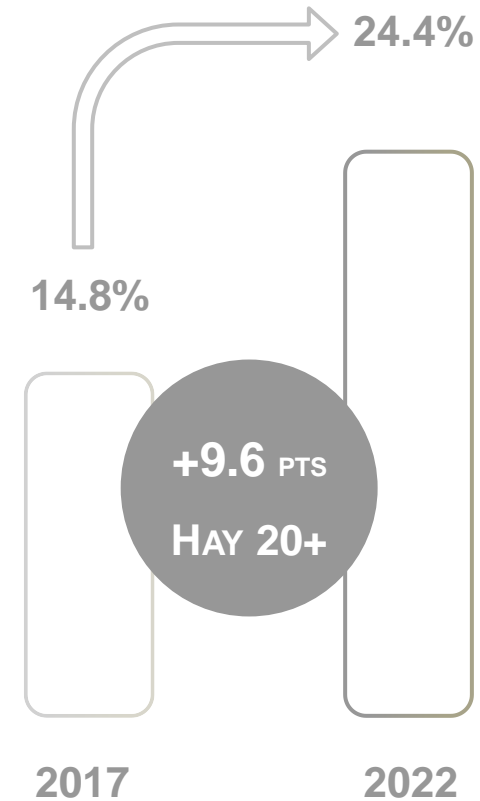
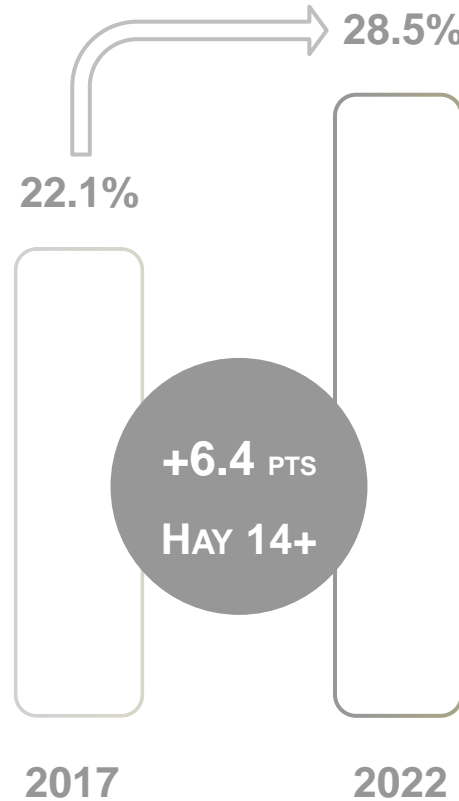
# Legrand CSR/ESG approach & strategy

An effective impact: strong extra-financial results over 5 years

**SCOPES 1&2 (CURRENT)  
CO<sub>2</sub>EQ EMISSIONS REDUCTION  
(K TONS)**



**MANAGERIAL POSITIONS HELD BY WOMEN**



# Legrand CSR/ESG approach & strategy

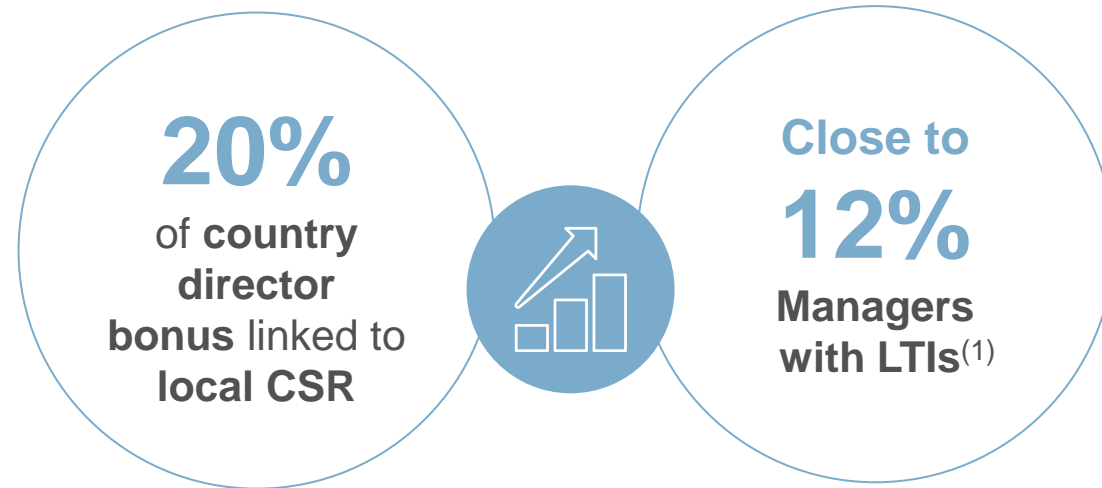
## A strong CSR governance



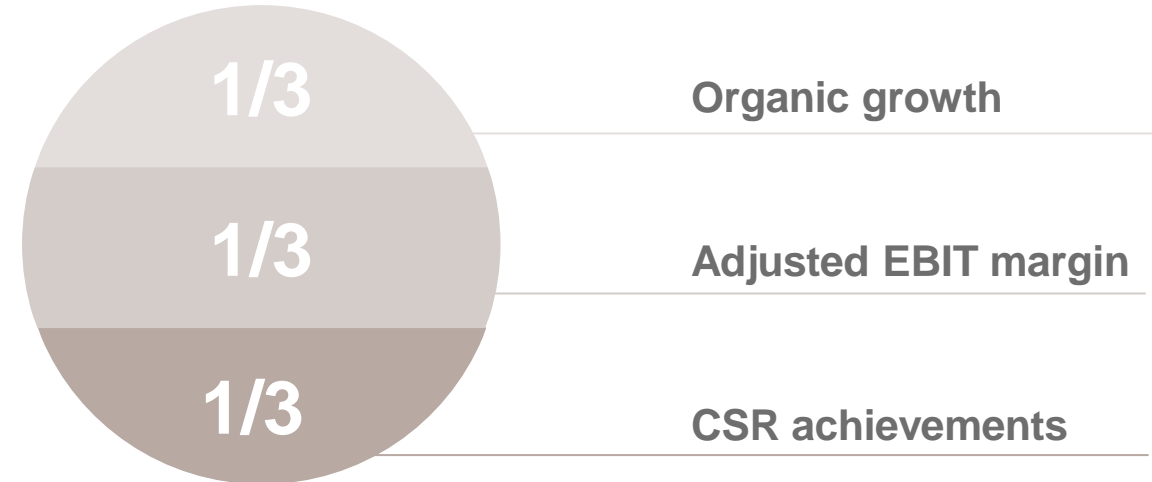
# Legrand CSR/ESG approach & strategy

## Strong CSR accountability through aligned incentives

### A BROAD-BASED INCENTIVE PROGRAM



### MANAGERS<sup>(2)</sup> LTIS ALIGNED WITH GROUP'S KEY TARGETS



### A clear and effective set of responsibilities

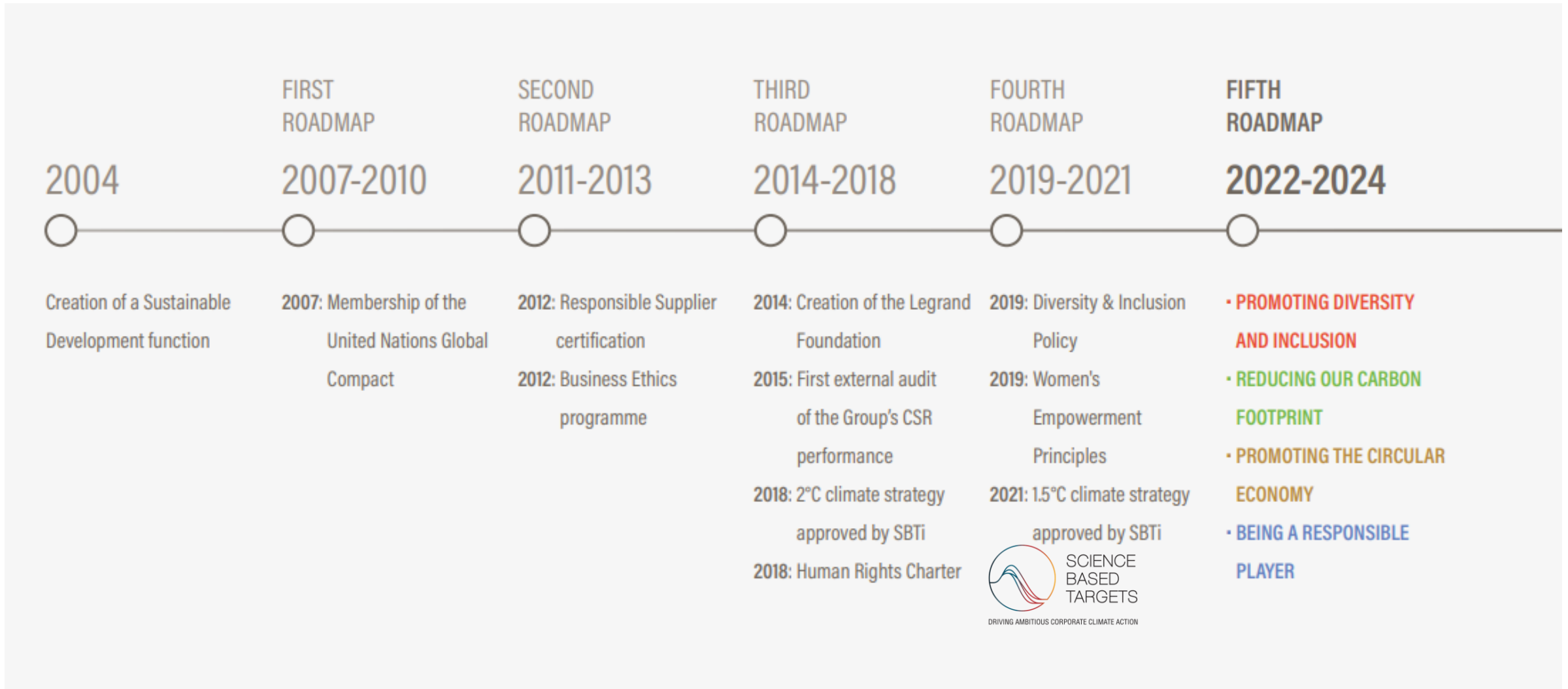
**CEO's total remuneration: 17.5% indexed on CSR**

1. LTIs: share based Long Term Incentive Programs. Approx 1,400 employees.

2. This scheme is different for Executive Committee members for whom the share performance compared to the CAC 40 is also included.

# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap : a short-term plan for long-term ambitions



# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap: a driver supporting our mid-term ambitions

**Clear, quantified & ambitious** on 4 fronts:  
climate, circular economy, diversity & inclusion, responsible business

Focusing on **actions that matter** and  
have **significant impact**

Will **mobilize the entire company**  
(people, process, incentivization schemes...and more.)

Is part of our **integrated performance** and  
**fully consistent with our mid-term guidance**



# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap: 4 main areas of action



For Legrand, diversity and inclusion are a source of sustainable performance and prosperity.



It is urgent to reduce the Group's carbon footprint in order to fight climate change.



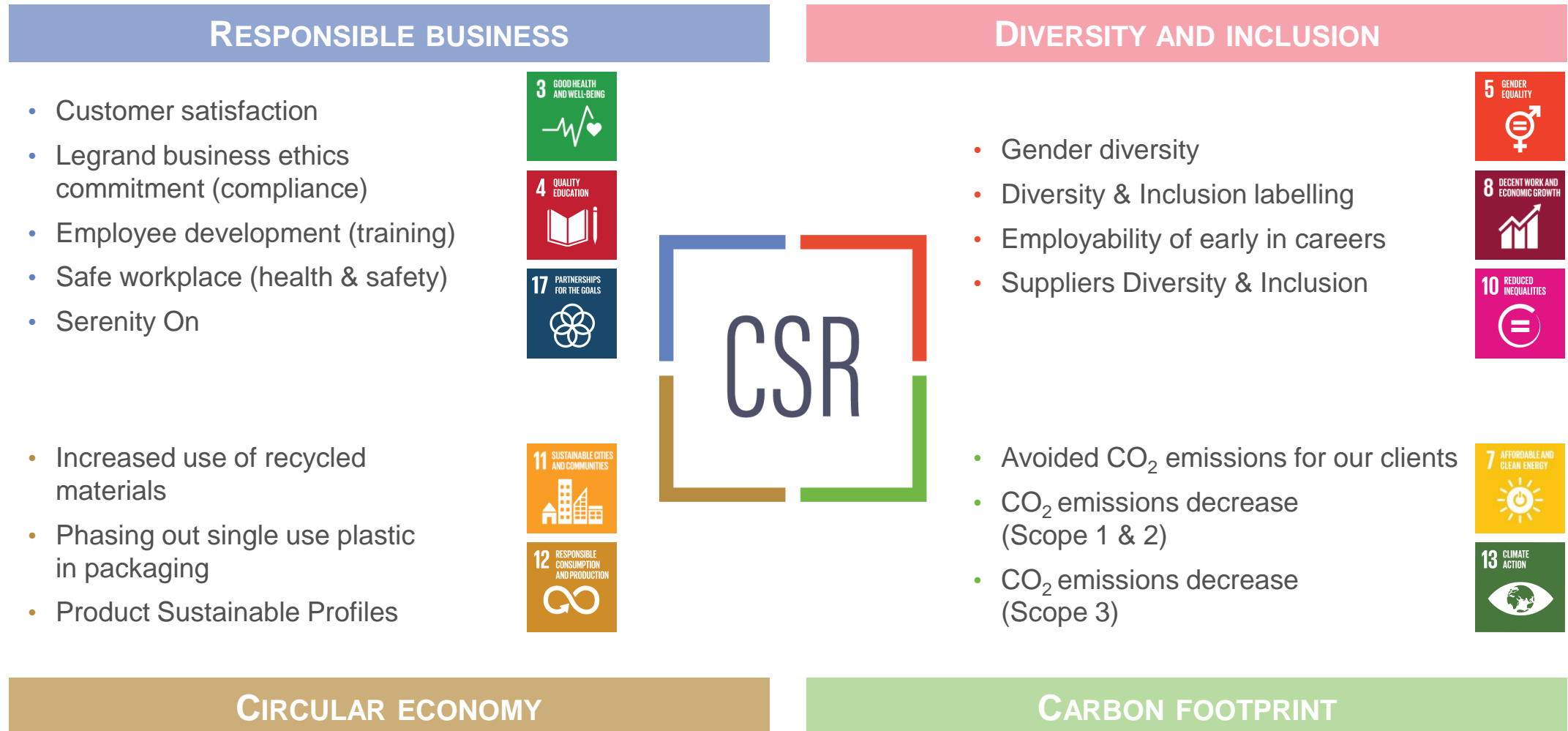
Integrating a circular economy approach into Legrand's activities is a major component of the Group's sustainable development.



Acting responsibly means respecting and supporting all stakeholders, including employees and customers.

# Legrand CSR/ESG approach & strategy

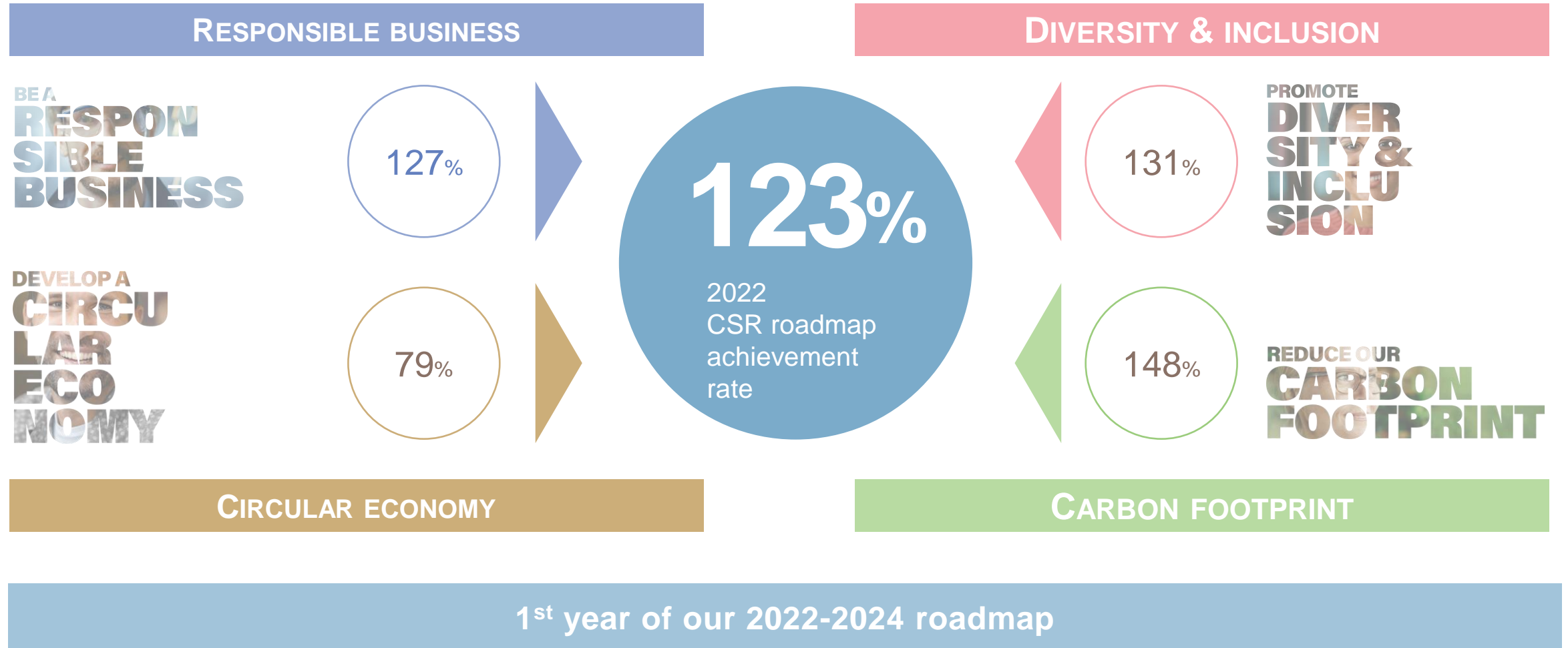
## 2022-2024 CSR Roadmap<sup>(1)</sup>: 4 pillars & 15 priorities guiding our actions



1. For more information on mid-term targets, readers are referred to the press release dated March 29, 2022 along with the presentation published on Legrand's 2022 ESG Capital Markets Day: <https://www.legrandgroup.com/en/investors-and-shareholders/capital-markets-days/esg-capital-markets-day-2022>.

# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap: 2022 achievement rates

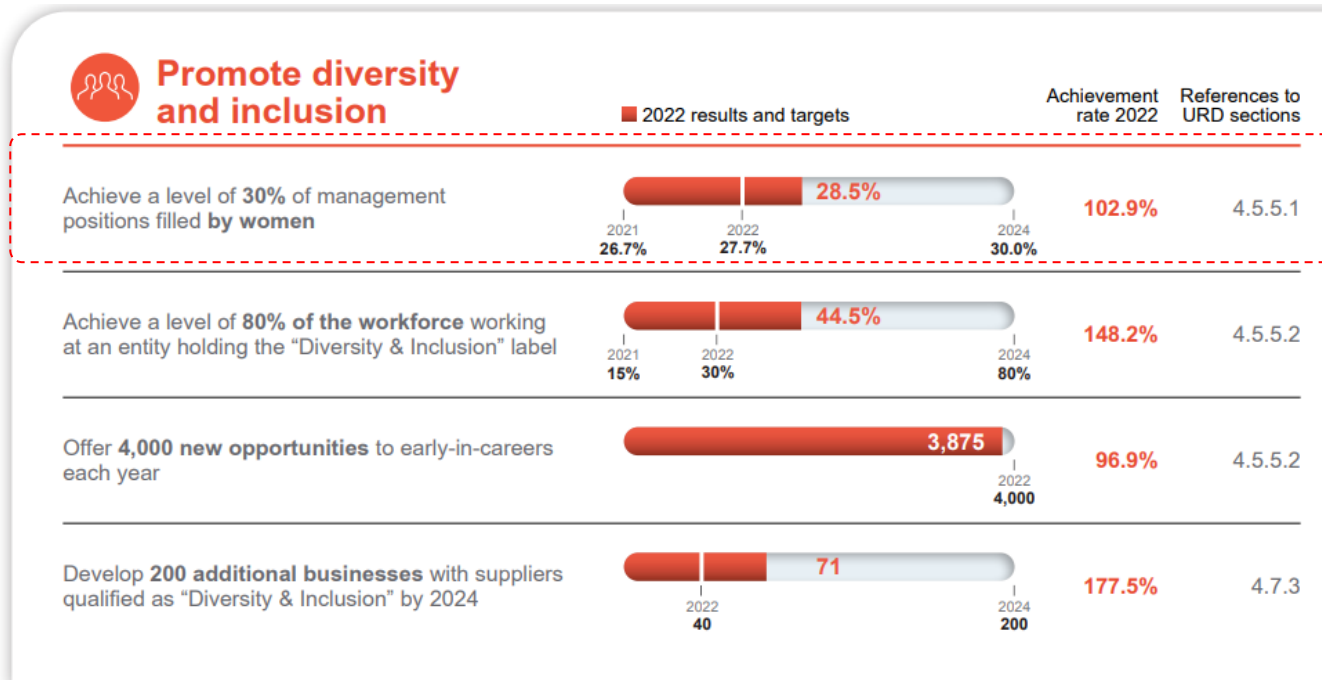
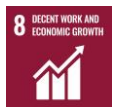


# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap: focus / promote diversity & inclusion

Diversity is a priority of Legrand’s workforce policy. Following on from previous CSR Roadmaps and to contribute to the goal of gender equality (SDG 5), Legrand has set itself the target of **30% of management roles being held by women in 2024**

### PROMOTE DIVERSITY & INCLUSION



*New Key Performance Indicator added to updated Legrand’s Sustainability-Linked Financing Framework*

# Legrand CSR/ESG approach & strategy

## 2022-2024 CSR Roadmap: focus / reduce carbon footprint

Legrand is committed to achieve collective carbon neutrality by 2050, reducing GHG emissions with a trajectory aligned with the most ambitious Paris Agreement target 1.5°C pathway, approved by the Science Based Targets Initiative in 2021:

- Reducing Scope 1&2 emissions by 50% (in absolute terms, by 2030 based on the 2019 level)
- Reducing Scope 3 emissions by 15% (in absolute terms, by 2030 based on the 2019 level)



### REDUCE OUR CARBON FOOTPRINT



### Reduce our carbon footprint

2022 results and targets

Achievement rate 2022

Chapter / sections

Thanks to the Group's Energy Efficiency solutions, enable **customers to avoid the emission of 12 million tons of CO<sub>2</sub>**



104.3%

4.3.4

Reduce the Group's Scope 1&2 CO<sub>2</sub> emissions by 10% each year through **energy efficiency improvements at our manufacturing sites and renewable energy deployment**



148.9%

4.3.2

**Encourage at least 250 key suppliers** to have an official CO<sub>2</sub> emissions reduction target of 30% on average by 2030

Number of suppliers



222%

4.3.3

Supplier commitment



159.1%

### Indirect CO<sub>2</sub> emissions (Scope 3)

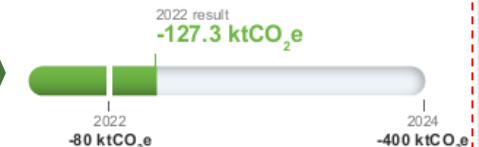


Encourage at least 250 key suppliers to have an official CO<sub>2</sub> emission reduction target of 30% on average by 2030



→ 2022 achievement rate: 222%

Supplier commitment to reduce CO<sub>2</sub> emissions



→ 2022 achievement rate: 159.1%

New Key Performance Indicator added to updated Legrand's Sustainability-Linked Financing Framework





# 4

## Updated Sustainability-Linked Financing Framework



# Enhanced Sustainability-Linked Financing Framework

## Rationale for updating

To connect funding strategy with broader sustainability objectives...

- Integration of new KPIs core to the **2022-2024 CSR roadmap** i.e. suppliers' carbon engagement and gender diversity
- **Extending** the Framework to **social thematic**

... and to integrate new observation date **December 31, 2024**

adding intermediary targets, whose achievement are **key** for Legrand to reach its **2030 climate and diversity objectives**

New Framework received a **Second Party Opinion** from **Sustainalytics** and is aligned with best market practices

Framework aligned with



Climate targets validated by



Second Party Opinion provided by



# Enhanced Sustainability-Linked Financing Framework

## Overview

An enhanced Sustainability-Linked Framework with 4 KPIs addressing Legrand most material ESG topics

Framework

### Inaugural 2021 Framework...

#### Two Key Performance indicators

**KPI1:** Absolute Scope 1 & 2 GHG emissions (in ktCO<sub>2</sub>eq)

→ **-50% in 2030 vs 2019**

**KPI2:** Scope 3 GHG emissions intensity (in ktCO<sub>2</sub>eq)

→ **-15% in 2030 vs 2019**



### ...complemented in 2023 with 2 KPIs

**KPI3: Key Suppliers' engagement** based on two indicators :

i. Count of engaged suppliers (number of suppliers)

ii. Amount of their engagement (ktCO<sub>2</sub>eq)

→ Engage **250 key suppliers** to have **emissions reduction targets by 2024**

→ **Obtain supplier-committed emissions reduction target of 400 ktCO<sub>2</sub>eq by 2024**

**KPI4: Share of women in managerial positions**

→ **30% by 2024**

Transaction

### Inaugural SLB in Sept. 2021

→ EUR 600m, a **10-year** maturity

→ **2 KPIs:** Absolute Scope 1&2 GHG emissions and Scope 3 GHG emissions

→ **Observation date** : 31 December **2030**

→ **Premium at maturity** : 25 bps per KPI, i.e. **50 bps max**

### 2023 contemplated transaction

→ EUR **Benchmark**, a **6-year** maturity

→ **2 KPIs:** Key suppliers' engagement and share of women in managerial positions

→ **Full coupon-step up** triggered if **ONE SPT is not met**

→ **Observation date** : 31 December **2024**

→ **Coupon step-up:** 12.5 bps for the last 4 interest periods, i.e. **50 bps max in total**

# Enhanced Sustainability-Linked Financing Framework

## KPI 1 & KPI 2: Absolute GHG emissions – Applied on the existing 2031 bond

### KPI 1

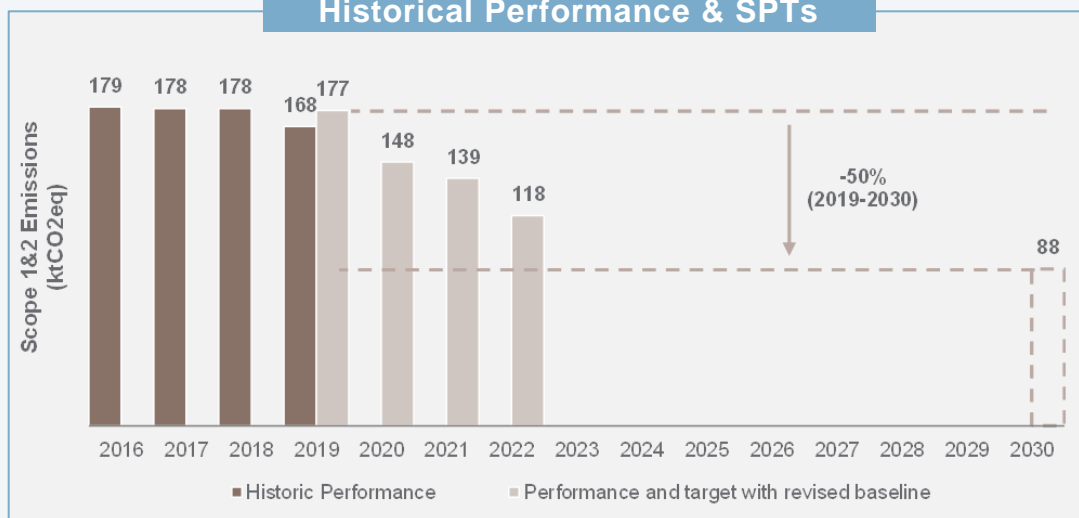
**Definition** Absolute **Scope 1 & 2 GHG emissions** related to the Group's own activities<sup>(1)</sup>

**Observation Date** 31 December, 2030



A 50% GHG emissions reduction target by 2030 aligned with 1.5°C scenario and validated by SBTi

#### Historical Performance & SPTs



→ Main key reduction levers:

- Lowering overall energy consumption
- Increasing the use of renewable electricity sources

1. As defined by the GHG Protocol, in ktCO<sub>2</sub>eq

### KPI 2

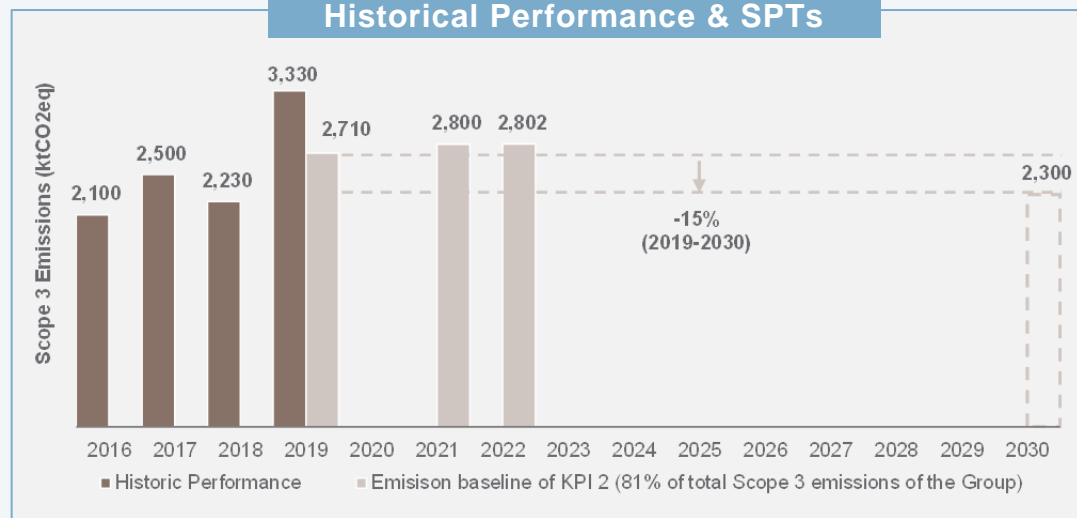
**Definition** Absolute **Scope 3 GHG emissions**<sup>(1)</sup>, which account for 95% of total carbon footprint

**Observation Date** 31 December, 2030



A 15% GHG emissions reduction target by 2030 validated by SBTi

#### Historical Performance & SPTs



→ Main key reduction levers:

- Engaging key suppliers to adopt sustainable practices (cf. KPI 3)
- Reducing the carbon footprint of goods' packaging and transportation

# Enhanced Sustainability-Linked Financing Framework

## KPI 3: Key Suppliers' engagement

<b>Definition</b>	<p>The assessment is based on the two following indicators:</p> <ul style="list-style-type: none"> <li>→ <b>Count of engaged suppliers</b> (number of suppliers)</li> <li>→ Amount of their <b>engagement (ktCO<sub>2</sub>eq)</b></li> </ul>	<b>Observation Date</b>	31 December, 2024
<b>Methodology</b>	<ul style="list-style-type: none"> <li>→ Within purchasing families, Legrand has identified a <b>first group of 500 key suppliers</b> which make up a significant amount of annual spend and associated emissions</li> <li>→ Within this identified group, Legrand's goal is to encourage at least 250 key suppliers to have an official combined CO<sub>2</sub>eq emissions reduction target equivalent in value to a <b>30% reduction by 2030</b> from 2019 when considering the first 250 key suppliers' emissions</li> <li>→ Suppliers' CO<sub>2</sub>eq emissions reduction target are recorded in absolute value, with a 2019 baseline and a 2030 target date. Suppliers' targets include Scope 1&amp;2 or Scope 1,2&amp;3 where relevant / available</li> </ul>	<b>Rationale</b>	<p>2022 <b>Scope 3 emissions: 97% of Legrand's total carbon footprint (o/w 69% came from purchased goods and services<sup>1</sup>)</b></p> <p>Suppliers' engagement is <b>key</b> for Legrand to <b>proactively abate Scope 3 emissions</b></p>



**Means to achieve the SPTs**

**CSR criteria = key part in the suppliers' homologation and risk assessment process**

<ul style="list-style-type: none"> <li>✓ Approval process including a CSR questionnaire</li> <li>✓ Training of more than 1,500 Legrand employees in sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>✓ CSR part of the criteria for suppliers' selection</li> <li>✓ Improvement plans with suppliers considered at risk or critical</li> </ul>
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✓ Failure by Legrand to meet either element of this combined SPT will result in the SPT being deemed as not met

# Enhanced Sustainability-Linked Financing Framework

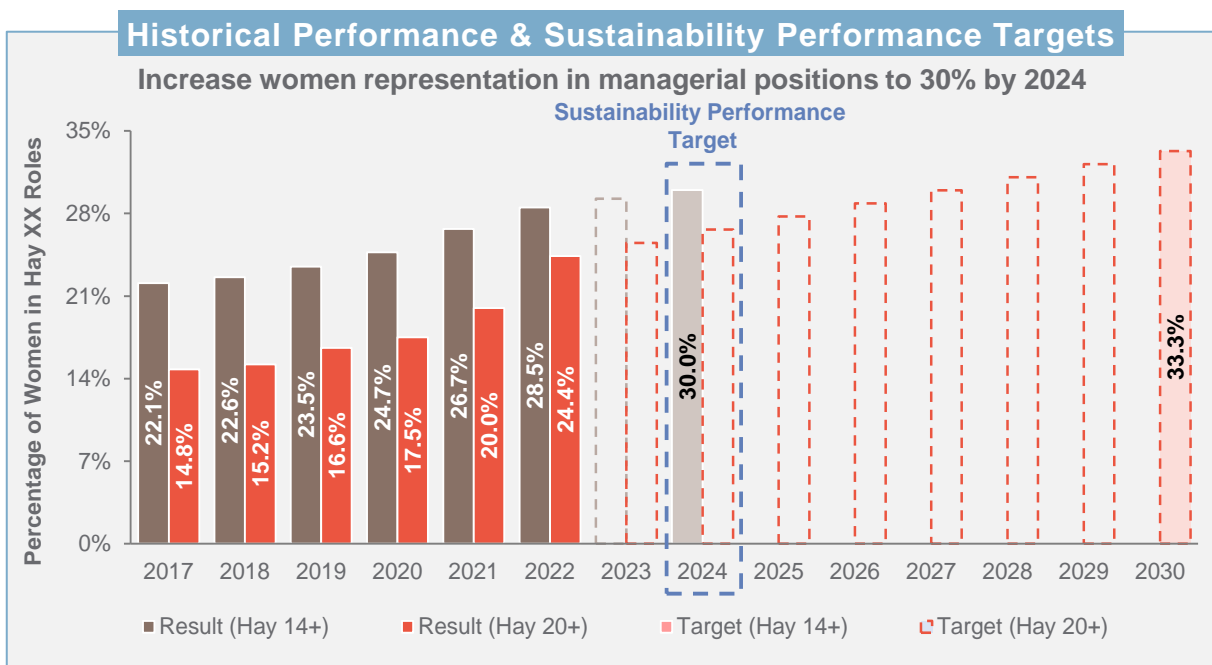
## KPI 4: Proportion of management positions filled by women

<b>Definition</b>	Share of <b>Hay Grade 14+</b> management positions filled by women 11,523 identified managers in 2022
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<b>Observation Date</b>	<b>31 December, 2024</b>
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<b>Methodology</b>	<p>→ <b>Hay Job Evaluation methodology:</b> industry-recognized certification evaluating jobs based on 3 core principles : (i) know-how, (ii) problem solving and (iii) accountability</p> <p>→ <b>Unit:</b> Total number of female managers divided by the total number of identified managers</p>
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<b>Rationale</b>	<p><b>Key intermediate target</b> for Legrand to increase diversity:</p> <ul style="list-style-type: none"> <li>• In the wider management group in the short term,</li> <li>• And in the pipeline for key management roles (<i>Hay Grade 20+</i>) in the medium term</li> </ul>
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- Means to achieve the SPTs**
- ✓ **Support from Legrand's executive committee** (CSR Roadmap and 2030 strategic objectives)
  - ✓ **Partnerships with various schools & universities**
  - ✓ Guidances provided to **partner recruitment agencies**
  - ✓ Monitoring of **internal HR policies and processes** (*staffing review, salary reviews, etc.*)
  - ✓ Organization of **operational follow ups with countries** on a quarterly basis to ensure efforts are maintained

# Enhanced Sustainability-Linked Financing Framework

## Second Party Opinion



“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”

	KPIs STRENGTH	SPTs AMBITIOUSNESS
KPI 1 Scope 1&2 emissions	Very Strong	Highly ambitious
KPI 2 Scope 3 emissions	Very Strong	Ambitious
KPI 3 Suppliers' engagement	Adequate	Moderately ambitious
KPI 4 Gender managerial	Strong	Moderately ambitious

Second-Party Opinion  
**Legrand Sustainability-Linked Financing Framework**

Second-Party Opinion  
Reviewed by:

**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.

**Overview of KPIs and SPTs**

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 and 2 GHG emissions (ktCO <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> e and number of committed suppliers)	2021	Adequate	SPT 3a: Obtain supplier-committed emissions reduction target of 400 ktCO <sub>2</sub> 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

**Evaluation Date** May 12, 2023  
**Issuer Location** Limoges, France

The SPTs contribute to the following SDGs:





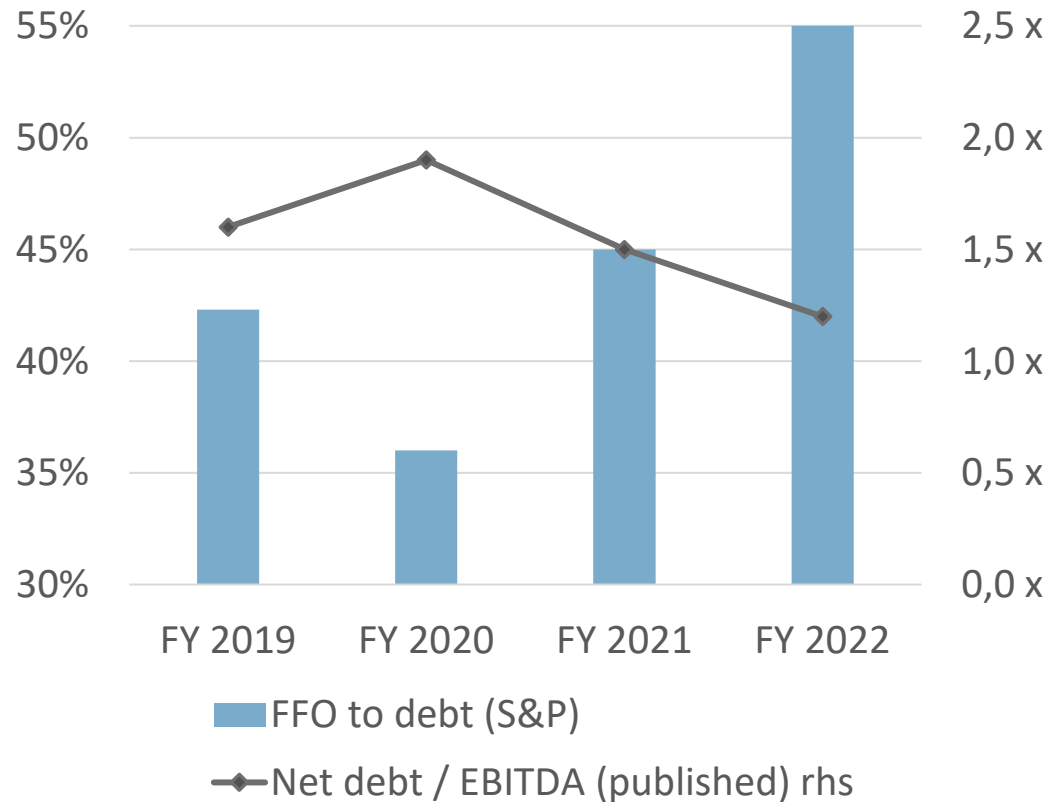
# 5

Ratios and transaction overview

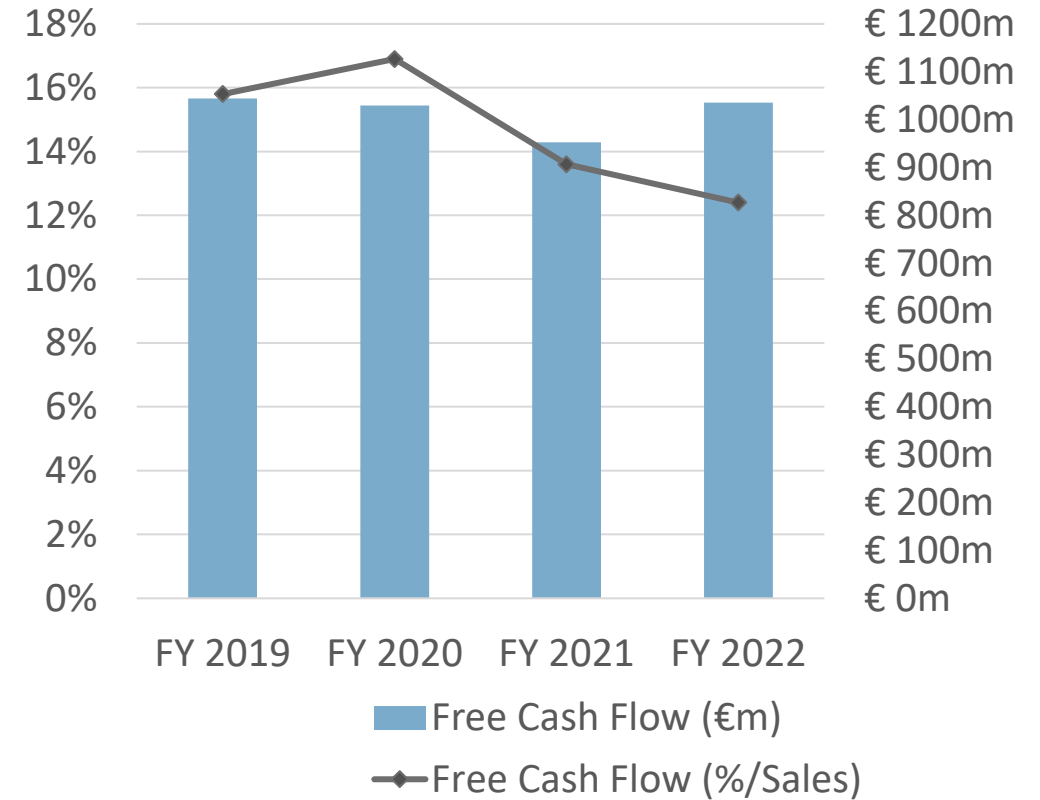
# Ratios and transaction overview

## Solid financial structure & cash generation

### Ratios



### Free Cash Flow



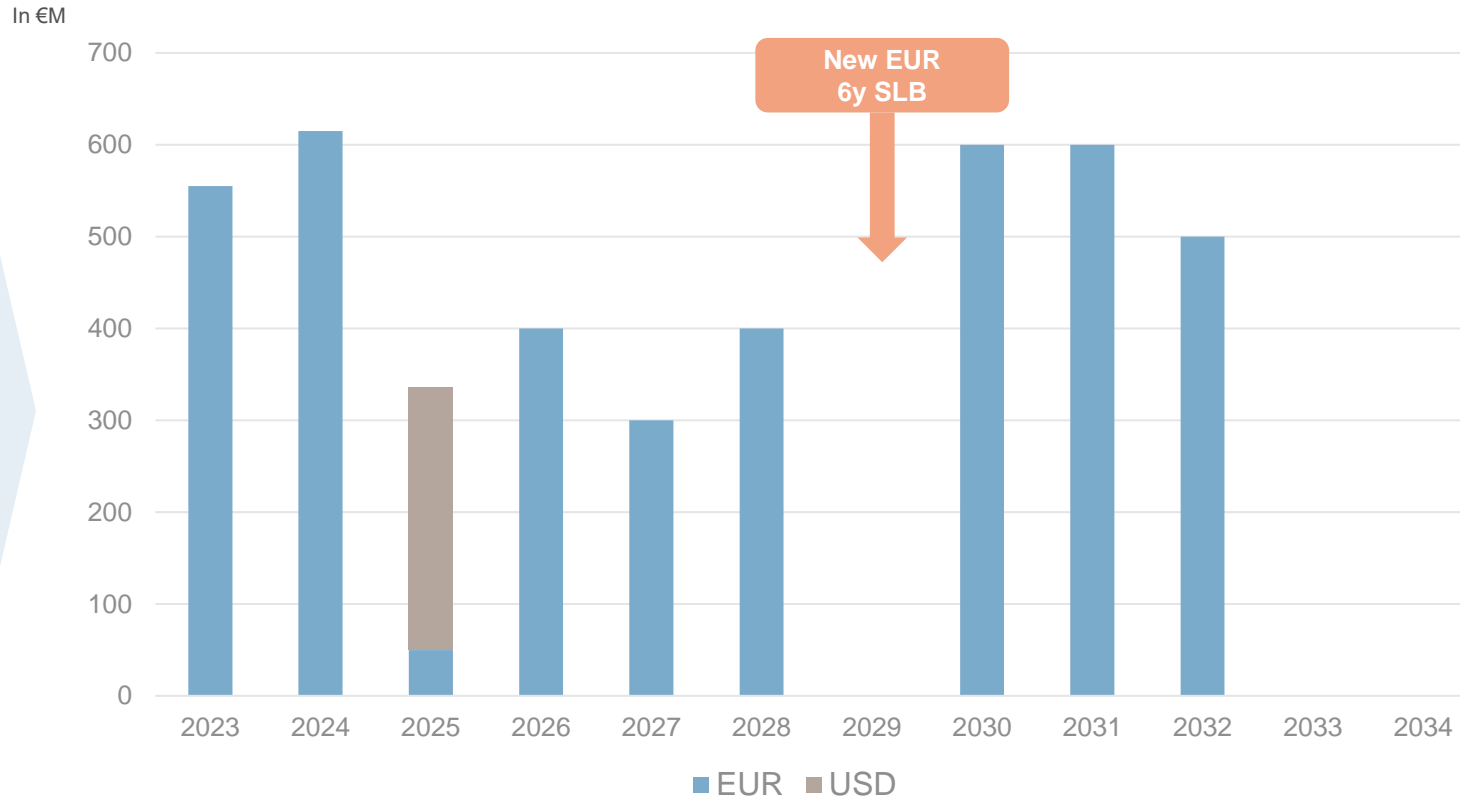
**Committed to strong investment-grade rating  
A-/A-2 by S&P since February 2012**

# Ratios and transaction overview

## Healthy and well-balanced debt profile<sup>(1)</sup>



**LEGRAND'S  
BOND  
& NEU MTN  
MATURITY  
PROFILE**



Average maturity of gross debt<sup>(2)</sup>  
**4.4y**

Amount of gross debt<sup>(2)</sup>  
**€4.8bn**

Amount of net debt<sup>(3)</sup>  
**€2.3bn**

**Strong liquidity position**

<b>NEU CP: €1.2bn</b>  <b>Undrawn</b>	<b>NEU MTN: €1.2bn</b>  <b>€0.2bn currently</b>	<b>€0.9bn Credit Facility</b> <b>expiring December 2026</b>  <b>Undrawn</b>
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1. As of March 31, 2023  
 2. Gross debt = Short-term borrowings + Long-term borrowings  
 3. Net debt = Short-term borrowings + Long-term borrowings – Cash and cash equivalents

# Ratios and transaction overview

## Sustainability-linked bond transactional overview

ISSUER	Legrand SA
ISSUER RATINGS	A- (stable) by S&P
EXPECTED ISSUE RATINGS	A- by S&P
RANKING AND FORMAT	Senior unsecured, Reg S dematerialised bearer
USE OF PROCEEDS	General Corporate Purposes
TENOR	6-year (May 2029)
CURRENCY / AMOUNT	EUR Benchmark
COUPON	[•]%, Fixed, Annual
SUSTAINABILITY PERFORMANCE TARGETS (SPTS)	<ul style="list-style-type: none"> <li>• <b>SPT for KPI 3:</b> On the Target Observation Date: At least 250 key suppliers committed to reduce their CO<sub>2</sub>eq emissions and such suppliers have committed to reduce their emissions by 2030 of -400ktCO<sub>2</sub>eq (reduction of 30% on average compared to a 2019 Baseline)</li> <li>• <b>SPT for KPI 4:</b> On the Target Observation Date: 30% of managerial positions across the Legrand Group, defined as positions rated 14 or above according to the Hay Job Evaluation methodology, are filled by women</li> </ul>
TARGET OBSERVATION DATE	31 December, 2024
STEP-UP MECHANISM	+12.5bp applicable from the next Interest Period following 31/12/2024 up to the Maturity Date if one or more of the SPTs is not met*
DOCUMENTATION	Standalone / Euronext Paris Listing / CoC / 3m par call / Clean-Up Call 75% / MWC
CONVENTION	Following ACT/ACT (ICMA)
GOVERNING LAW	French Law
DENOMINATION	€100,000 + €100,000
ESG STRUCTURING AGENTS	Crédit Agricole CIB, Goldman Sachs
GLOBAL COORDINATORS	Crédit Agricole CIB, Goldman Sachs, Société Générale
ACTIVE BOOKRUNNERS	BNP Paribas, CIC Market Solutions, HSBC
PASSIVE BOOKRUNNERS	JP Morgan, Natixis

\* 50bp worst case impact as per Legrand's inaugural SLB priced in September 2021, which was longer dated SLB (10-year) with a weight applicable to each KPI-SPT rather than the full coupon step-up triggered here if one of the two SPTs is not met



# 6

Appendix

# Well recognized CSR performance

Legrand's extra-financial performance awarded by international ESG indexes and ratings



Inclusion since 2007



CDP climate change  
"B" list



"Platinum" rating since 2021  
[Top 1% - all companies]  
"Gold" rating from 2016 to 2020



"Prime" Statut  
since 2011



"Low risk"  
3 out of 254 in Electrical  
Equipment



"AA" rating  
since 2013  
[3<sup>rd</sup> among electrical  
equipment companies]



Vigeo Euronext Eurozone 120  
Vigeo Euronext Europe 120  
since 2015  
Score: 67/100



DJSI World & DJSI  
Europe  
[Score ESG: 81]



CAC 40 ESG  
Equileap Gender Equality  
Eurozone 100 and France 40  
CAC SBT 1.5



# Extract - previous Sustainability-Linked Financing Framework

## 1/2



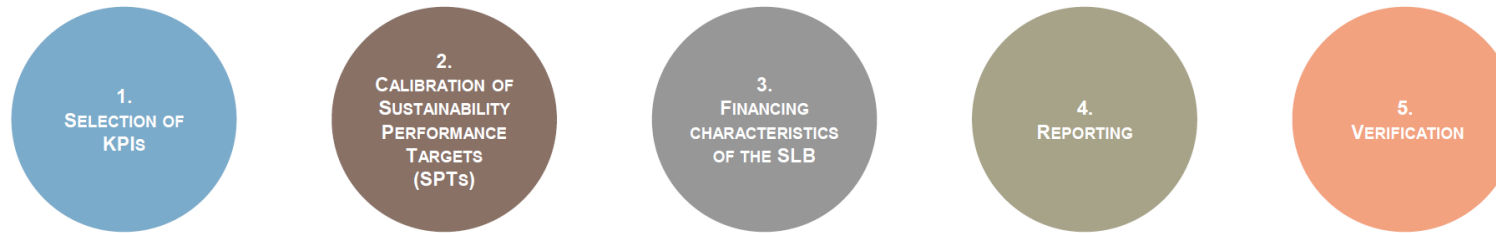
### Sustainability-linked financing framework

#### Rationale for a sustainability-linked bond

Legrand has long been committed to safeguarding the environment, by limiting the environmental impact of its activities

- On the path to becoming carbon-neutral, Legrand stepped up its commitment in 2020, aiming to further reduce the absolute scope 1, 2 and 3 GHG emissions, “SBTi approved” in August 2021
- Legrand is now putting in place a Sustainability-linked Financing Framework that connects its funding with its sustainability objectives

Legrand’s Framework is **aligned** with the five core components of the **Sustainability-Linked Bond Principles (SLBPs)** published by the International Capital Markets Association (**ICMA**) in June 2020



# Extract - previous Sustainability-Linked Financing Framework

2/2

## Sustainability-linked financing framework Framework overview



	KPI 1	KPI 2
KEY PERFORMANCE INDICATORS (KPIs)	Absolute Scope 1 and 2 Greenhouse Gas emissions (in tCO <sub>2</sub> eq)	Absolute scope 3 Greenhouse Gas emissions (in ktCO <sub>2</sub> eq)
SUSTAINABILITY PERFORMANCE TARGETS (SPTs)	Reduce emissions by 50%, to 88 ktCO <sub>2</sub> eq Scope 1 and 2 CO <sub>2</sub> eq emissions by 2030	Reduce emissions by 15%, to 2,300 ktCO <sub>2</sub> eq Scope 3 CO <sub>2</sub> eq emissions by 2030
BASELINE (2019)	177 ktCO <sub>2</sub> eq	2,710 ktCO <sub>2</sub> eq
FINANCING CHARACTERISTICS	For any financing issued under this Framework, <b>the non-achievement of the respective SPT as defined in the relevant transaction document may result in a coupon step-up</b> applying to the relevant Sustainability-Linked Financings (SLF)	
REPORTING	Legrand intends to disclose the performance of the selected KPIs on an annual basis within its Universal Registration Document, or within its declaration of extra financial performance or another document (“Sustainability Performance Report”)	
VERIFICATION	Each Sustainability Performance Report shall include or be accompanied by a limited assurance report issued by an external verifier A post Target Observation Date external verification will be made public to outline the performance of the KPIs against their respective SPTs Vigeo Eiris has reviewed the Framework and confirmed its alignment with ICMA SLBPs	

Framework aligned with:



Climate targets validated by:



Second Party Opinion provided by:





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