

# Second-Party Opinion

## Saint-Gobain Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Saint-Gobain Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds, Manufacture of Energy Efficiency Equipment for Buildings and Manufacture of Other Low-Carbon Technologies, are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



**PROJECT EVALUATION AND SELECTION** Saint-Gobain's Green Bond Committee will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. Saint-Gobain has an internal environmental and social risk assessment process in place to identify and manage potential environmental and social risks associated with assets financed in line with its policies, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Saint-Gobain's Global Treasury Team will oversee the management and allocation of proceeds and will track the proceeds using an internal tracking system. Saint-Gobain intends to allocate proceeds within 24 months of the respective issuance date. Pending full allocation, proceeds will be temporarily invested in accordance with Saint-Gobain's liquidity policies in cash, cash equivalents or short-term liquid instruments. Sustainalytics considers this process to be in line with market practice.



**REPORTING** Saint-Gobain commits to report on allocation and impact on its website on an annual basis until full allocation. Allocation reporting will include an overview of green bonds outstanding, aggregated amount of allocation to eligible projects per category, share of allocation to financing versus refinancing, breakdown by types of expenditures (capex, R&D, open and equity investments), balance of unallocated proceeds invested in cash or cash equivalents, if any. Sustainalytics views Saint-Gobain's allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	March 19, 2024
<b>Issuer Location</b>	Courbevoie, France

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### EU Taxonomy

Sustainalytics has assessed the Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution (SC) to its environmental objectives, Do No Significant Harm (DNSH) and Minimum Safeguards. The Framework's eligibility criteria (which map to two EU activities) align with the applicable SC and DNSH Criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards. For more details, please see Section 1 and Appendix 1.

## Introduction

Saint-Gobain (or the “Group”) is a manufacturing group that designs, manufactures and distributes materials and services for clients in construction, mobility and industry. The Group is headquartered in Courbevoie, France, and operates in 75 countries.<sup>1</sup> As of 2023, the Group had 160,000 employees and reported sales of EUR 47.9 billion.<sup>2</sup>

Saint-Gobain has developed the Saint-Gobain Green Bond Framework dated March 2024 (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing and future projects intended to promote a low-carbon and circular economy in the countries where the Group operates. The Framework defines eligibility criteria in two areas:

1. Manufacture of Energy Efficiency Equipment for Buildings
2. Manufacture of Other Low-Carbon Technologies

Saint-Gobain engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>3</sup> The Framework has been published in a separate document.<sup>4</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>5</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy 2021 Delegated Act; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Saint-Gobain’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Saint-Gobain representatives have confirmed (1) they understand it is the sole responsibility of Saint-Gobain to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that 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 that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Saint-Gobain.

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 impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

<sup>1</sup> Saint-Gobain, “Saint-Gobain Worldwide,” at: <https://www.saint-gobain.com/en/group/saint-gobain-worldwide>

<sup>2</sup> Saint-Gobain, “Saint-Gobain in Figures”, at: <https://www.saint-gobain.com/en/finance/saint-gobain-figures>

<sup>3</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

<sup>4</sup> The Saint-Gobain Green Bond Framework is available on Saint-Gobain’s website at: <https://www.saint-gobain.com/en>

<sup>5</sup> 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

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 Saint-Gobain has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Saint-Gobain Green Bond Framework

Sustainalytics is of the opinion that the Saint-Gobain Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Saint-Gobain's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories – Manufacture of Energy Efficiency Equipment for Buildings and Manufacture of Other Low-Carbon Technologies – are aligned with those recognized by the GBP.
  - Saint-Gobain has established a three-year look-back period for its refinancing activities, which Sustainalytics considers to be aligned with market practice.
  - Under the Manufacture of Energy Efficiency Equipment for Buildings category, Saint-Gobain may finance or refinance the manufacture of products to enhance building insulation and energy efficiency, such as insulating products, windows, external wall systems and roofing systems that comply with the following criteria:
    - Insulating products with a lambda value lower or equal to 0.06 W/mK;
    - Windows with U-value lower or equal to 1.0 W/m<sup>2</sup>K;
    - External wall systems with U-value lower or equal to 0.5 W/m<sup>2</sup>K; or
    - Roofing systems with U-value lower or equal to 0.3 W/m<sup>2</sup>K.
    - The Group confirmed to Sustainalytics that it will exclude products dedicated to fossil fuel, carbon intensive or natural gas-related industries.
    - Sustainalytics views these expenditures to be aligned with market practice.
  - Under the Manufacture of Other Low-Carbon Technologies categories, the Group may finance projects that comply with the following criteria:
    - Development and manufacturing of products and technologies aimed at and demonstrating substantial life cycle GHG emissions savings compared to the best performing alternative technology, product or solution available on the market. Life cycle GHG emissions savings are calculated using Commission Recommendation 2013/179/EU, ISO 14067:2018 or ISO 14064-1:2018 and are verified by an independent third party.
    - The Group intends to finance the manufacturing of: i) ceramics products, specifically under the Sefpro<sup>6</sup> and NorPro product lines;<sup>7</sup> and ii) construction industry products, namely under the GlasGrid<sup>8</sup> and construction chemicals (Chryso)<sup>9</sup> product lines.
      - For ceramics products, Sustainalytics notes that the use of ceramics in refractory operations is directly aimed at reducing GHG emissions. However, Sustainalytics notes that the manufacturing of ceramics is traditionally

<sup>6</sup> Saint-Gobain Sefpro is a Saint-Gobain subsidiary focused on producing refractory material and solutions to glass industries. SEFPRO, "About SEFPRO", at: <https://www.sefpro.com/about-sefpro>

<sup>7</sup> Saint-Gobain NorPro is a Saint-Gobain subsidiary focused on ceramic technologies for the petrochemical, chemical, refining, environmental and gas processing industries. Saint-Gobain, "About Saint-Gobain NorPro", at: <https://www.norpro.saint-gobain.com/about-us>

<sup>8</sup> GlasGrid is a line of asphalt pavement reinforcement geogrids that reduce road maintenance. Saint-Gobain ADFORS, "Asphalt Reinforcement", at: <https://eu.adfors.com/asphalt-reinforcement>

<sup>9</sup> Chryso is a line of chemical additives that reduce the water-to-cement ratio, activators that reduce clinker factor in cement and grinding aids that reduce energy used for grinding clinkers. Chryso, "About us", at: <https://www.chryso.com/about-us/>

- carbon intensive and generates emissions from fuel consumption and the calcination process.<sup>10</sup>
- For construction industry products, Sustainalytics notes that such products aim to improve resource efficiency and reduce GHG emissions. Sustainalytics notes that Saint-Gobain's internal methodology confirms substantial GHG emissions reduction (between 40% and 50%).
  - Saint-Gobain has communicated to Sustainalytics that it has developed a 2030 carbon roadmap<sup>11</sup> applicable to all its facilities, which includes an emissions reduction plan, wherein the Group has identified significant scope 1 and scope 2 GHG emissions reductions from its ceramics and the construction industry businesses.<sup>12</sup> The Group aims to reduce these GHG emissions in ceramics business through electrification, followed by the implementation of heat recovery systems.<sup>13</sup> In the construction business, both downstream and upstream processes are expected to undergo a hybridization process, incorporating alternative raw materials and implementing electrification of feeders and machines.<sup>14</sup>
  - Sustainalytics notes that Saint-Gobain's product-level decarbonization plans aim to reduce GHG emissions associated with the manufacturing process of the aforementioned products. Sustainalytics views the investments under this category to be aligned with market practice and encourages the Group to disclose emissions savings and progress made towards achieving its decarbonization targets.
- **Project Evaluation and Selection:**
    - Saint-Gobain's Green Bond Committee, consisting of the senior vice-president human resources and corporate social responsibility, head of corporate social responsibility (CSR), vice-president sustainable development, head of treasury, head of financial management and head of strategy and the human resources and CSR, will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria.
    - Saint-Gobain has in place internal procedures to identify and manage potential environmental and social risks associated with assets financed in line with its policies, which are applicable to all allocation decisions made under the Framework. For additional details, refer to Section 2.
    - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
  - **Management of Proceeds:**
    - Saint-Gobain's Global Treasury Team will oversee the management and allocation of proceeds and will track the proceeds using an internal tracking system.
    - The Group intends to allocate proceeds within 24 months of the respective issuance date. Pending full allocation, proceeds will be temporarily invested in accordance with Saint-Gobain's liquidity policies in cash, cash equivalents or short-term liquid instruments.
    - Based on the presence of a tracking system and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
  - **Reporting:**
    - Saint-Gobain commits to report on allocation of proceeds in an allocation report, and on impact of the use of proceeds in an impact report, both to be published on its website on an annual basis until full allocation.
    - Allocation reporting will include an overview of the green bonds outstanding, aggregated amount of net proceeds allocation to eligible projects at category level, share of financing and refinancing, breakdown by types of expenditures in capex, R&D, opex and equity investments, balance of unallocated proceeds invested in cash or cash equivalents, if any.

<sup>10</sup> Furszyfer Del Rio, D. et al., (2022), "Decarbonizing the ceramics industry: A systematic and critical review of policy options, developments and sociotechnical systems", ScienceDirect, at: <https://www.sciencedirect.com/science/article/pii/S1364032122000119>

<sup>11</sup> Saint-Gobain, "Climate Change, Minimizing our footprint: Our "NET-ZERO CARBON" target", at: <https://www.saint-gobain.com/en/corporate-responsibility/our-pillars/climate-change>

<sup>12</sup> Saint-Gobain has shared product-wise emissions reduction targets with Sustainalytics confidentially.

<sup>13</sup> Saint-Gobain has shared its decarbonization roadmap presentation with Sustainalytics confidentially.

<sup>14</sup> Ibid.

- Where feasible, Saint-Gobain may align its impact reporting with the ICMA Harmonised Framework for Impact Reporting Handbook.<sup>15</sup> This may include quantitative performance indicators at the category level, such as GHG emissions reduced or avoided (in tCO<sub>2</sub>).
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

**Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the Saint-Gobain Green Bond Framework aligns with the four core components of the GBP.

**Alignment with the EU Taxonomy**

Sustainalytics has assessed each of the Framework’s eligible use of proceeds criteria against the relevant criteria in the EU Taxonomy. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective (SC)
  - The criteria defined in the two categories in the Framework were mapped to two activities of the EU Taxonomy. All use of proceeds categories were assessed as aligned with the applicable SC criteria of the EU Taxonomy.
2. Do No Significant Harm (DNSH)
  - The criteria in the two eligible categories assessed as aligned with the applicable four DNSH criteria in the two corresponding EU Taxonomy activities.
3. Minimum Safeguards
  - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy’s Minimum Safeguards requirements will be met.
  - For Sustainalytics’ assessment of alignment with Minimum Safeguards, see Section 2 below.

Table 1 provides an overview of the alignment of Saint-Gobain’s Framework with the applicable SC criteria and DNSH criteria of the EU Taxonomy

**Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy**

Framework Criterion	Alignment with Technical Screening Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Manufacture of energy efficient equipment for buildings	■	■	■	■	-	■	■	-
Manufacture of Other Low-Carbon Technologies	■	■	■	■	-	■	■	-

Legend	
Aligned	■
Partially aligned	□
Not aligned	⊠
Not applicable	-
Grey shading indicates the primary EU Environmental Objective	

<sup>15</sup> ICMA, “Handbook for Harmonised Framework for Impact Reporting”, (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

## Section 2: Sustainability Strategy of Saint-Gobain

### Contribution to Saint-Gobain's sustainability strategy

The Group's "Grow & Impact" strategic plan focuses on the following sustainability strategies: i) "a decarbonated home"; ii) "more performance with less"; and iii) "a better living for all".<sup>16</sup>

Saint-Gobain has conducted a materiality analysis in 2020 and identified environmental topics that represent both risks and opportunities for the Group, including energy efficiency and carbon intensity of operations as well as energy and carbon efficiency of goods and services.<sup>17</sup> Saint-Gobain has set a target of achieving carbon neutrality in its scope 1, 2 and 3 GHG emissions by 2050 and intermediate targets of 33% reduction in its scope 1 and 2 GHG emissions and 16% reduction in its scope 3 GHG emissions by 2030 from the 2017 levels.<sup>18</sup> In 2022, Saint-Gobain reported a 27% reduction in its scope 1 and 2 GHG emissions compared to 2017.<sup>19</sup> To reduce its scope 3 emissions, the Group has taken actions including providing training and digital tools to mobilize buyers to estimate the impact of purchases and mobilizing its suppliers to measure their carbon footprint.<sup>20</sup>

To reduce its carbon emissions, the Group has developed an investment plan that includes investments in capex and R&D, amounting to EUR 100 million per year through 2030 to support its carbon roadmap. In 2022, Saint-Gobain doubled its investment in capex and R&D under this plan. Furthermore, Saint-Gobain focuses on solutions for a transition to carbon neutrality and to reduce the use of natural resources in its innovation roadmap priorities. In 2022, Saint-Gobain launched a pilot production campaign, in which the Group advocated for the manufacturing of glass with 100% cullet and 100% green energy and achieved zero carbon production of flat glass.<sup>21</sup> In the same year, the Group launched Oraé, a low-carbon glass that includes an environmental product declaration and has a 40% smaller carbon footprint compared to the European average value of glass sold by Saint-Gobain. The Group also announced an investment of CAD 90 million (EUR 60 million) in a second zero-emission (in terms of scope 1 and 2 GHG emissions) plasterboard production plant after its first 100% decarbonated (in terms of scope 1 and 2 GHG emissions) plant, which has enabled the Group avoiding 23,000 tonnes of annual CO<sub>2</sub> emissions in the manufacturing process.<sup>22</sup>

Sustainalytics is of the opinion that the Saint-Gobain Green Bond Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use and biodiversity issues associated with large-scale infrastructure development and manufacturing; emissions, effluents, and waste generated in manufacturing; occupational health and safety; and community relations.

Sustainalytics is of the opinion that Saint-Gobain is able to manage or mitigate potential risks through implementation of the following:

- To identify risks related to non-financial performance, Saint-Gobain has conducted a Corporate Social Responsibility materiality analysis in 2020, which identified risks related to energy efficiency and carbon intensity of operations, responsible supply chain management, energy and carbon performance of products and services and occupational health and safety.<sup>23</sup> The Group has an Environmental, Industrial Health and Safety (EHS) management system, as a pillar of its World Class Manufacturing (WCM) programme to manage compliance with EHS standards, which are based ISO 45001: 2018 for health and safety and ISO 14001: 2015 for the environment and other equivalent requirements.<sup>24</sup> The Group's EHS department is in charge of annually updating the Group's EHS

<sup>16</sup> Saint-Gobain, "2022-2023 Annual Integrated Report", (2023), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Saint-Gobain, "Universal Registration Document", (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

standards, which mandate minimum applicable requirements to address and controlled EHS risks in all its operations in addition to compliance with applicable local laws and regulations.<sup>25</sup>

- Regarding issues involving land use and biodiversity issues associated with large-scale infrastructure development and manufacturing, under its Biodiversity Policy Saint-Gobain carries out a mapping study periodically to assess the sensitivity of all operating sites to ecosystems based on the proximity to high biodiversity value areas.<sup>26</sup> Following its Biodiversity Policy, the Group aims to: i) identify biodiversity-related risks by establishing a priority list of sensitive sites that will deploy a Biodiversity Management Action Plan; ii) reduce the pressure of its operating activities on biodiversity by applying the mitigation hierarchy principles, namely “primarily avoid, reduce and ultimately offset”; and iii) manage the impacts of its suppliers on biodiversity.<sup>27</sup>
- To manage risks associated with emissions, effluents and waste generated during the manufacturing of its products, Saint-Gobain implements thematic policies at each operating site regarding these risks, in addition to the WCM programme, for stronger impact reduction measures.<sup>28</sup> These thematic policies include: i) the policy on “energy, atmospheric emissions and climate change”, which requires each site to set progress targets and monitoring procedures to manage atmospheric emissions, including GHG emissions and air polluting emissions; ii) the Water Policy, which requires a water sensitivity assessment using the Aqueduct Water Risk Atlas<sup>29</sup> that is based on physical and stakeholder water risks; and iii) the policy of sustainable management of resources, which focuses on reducing and recovering waste, including hazardous waste and increasing the share of recycled materials used in production.<sup>30</sup>
- Regarding risks associated with occupational health and safety, Saint-Gobain has established the objectives of “zero occupational accidents” and “zero occupational illnesses”.<sup>31</sup> Saint-Gobain’s Health Policy mandates compliance with local regulations<sup>32</sup> and sets guidelines for the protection of the health and well-being of its employees, customers and suppliers.<sup>33</sup> The Group has established mandatory standards, protocols and recommendations for health and industrial hygiene to ensure the same level of protection for all its employees worldwide and requires the implementation of the health policy across all of its sites.<sup>34</sup> Additionally, to reduce and control chemical risks from hazardous substances, products and dust, the Group has a chemical risk management system that includes: i) an internal standard on assessment and control of chemical agents; ii) a continuously updated chemical substances database<sup>35</sup> for chemical substances; and iii) the Enablon Safety Health Risks management tool for chemical substances inventory and exposure assessments.<sup>36</sup> Saint-Gobain also has a Daily Safety Management process that involves safety event reporting, serious safety event analysis, safety inspection and safety training.<sup>37</sup>
- Saint-Gobain has communicated to Sustainalytics that risks related to community relations are managed by the Group’s CEO of each country. Saint-Gobain has further communicated that it has a whistleblowing system for all stakeholders, including NGOs and local communities, to report breaches of applicable regulations and internal rules.<sup>38</sup>
- Sustainalytics notes that in 2017, Saint-Gobain was involved in a fire incident<sup>39</sup> related to an insulation product manufactured by one of its subsidiaries.<sup>40</sup> The Group carried out a CSR risk and opportunity analysis in 2018 and identified product safety as a material risk for its business.<sup>41</sup> To manage or mitigate risks associated with product safety and quality, Saint-Gobain has implemented the following actions: i) an innovation programme including the EHS checklist; ii) the World Class Manufacturing programme that implements methods, tools and best practices in its industrial

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Saint-Gobain, “Biodiversity Policy”, (2018), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/a4\\_group\\_biodiversity\\_policy\\_-\\_en.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/a4_group_biodiversity_policy_-_en.pdf)

<sup>28</sup> Saint-Gobain, “Universal Registration Document”, (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>29</sup> World Resources Institute, “Aqueduct Water Risk Atlas”, at: <https://www.wri.org/aqueduct>

<sup>30</sup> Saint-Gobain, “Universal Registration Document”, (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>31</sup> Saint-Gobain, “2022-2023 Annual Integrated Report”, (2023), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>32</sup> Saint-Gobain, “Health Policy”, (2022), at: <https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/Health-Policy.pdf>

<sup>33</sup> Saint-Gobain, “Universal Registration Document”, (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>34</sup> Ibid.

<sup>35</sup> The SBASE database is updated by Saint-Gobain’s internal and external experts according to various regulatory chemical classification frameworks, such as REACH. European Commission, “REACH Regulation”, at: [https://environment.ec.europa.eu/topics/chemicals/reach-regulation\\_en](https://environment.ec.europa.eu/topics/chemicals/reach-regulation_en)

<sup>36</sup> Saint-Gobain, “Universal Registration Document”, (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> In June 2017, the Grenfell Tower, a 60-metre residential tower, caught fire in London, UK, causing 72 deaths. BBC, “Grenfell Tower: What happened”, at: <https://www.bbc.com/news/uk-40301289>

<sup>40</sup> Celotex, a subsidiary of Saint-Gobain, supplied its PIR insulation product through distributors to the Grenfell Tower. Celotex, “Celotex and Grenfell Tower: Updates and information”, (2023), at: <https://inform.celotex.co.uk/>

<sup>41</sup> Saint-Gobain, “Universal Registration Document”, (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

process to achieve continuous improvement in quality, performance and sustainability; iii) increased product transparency; iv) a programme that assesses the sustainable performance of products; and v) management of chemical risks.<sup>42</sup>

Sustainalytics is of the opinion that Saint-Gobain has implemented adequate measures to address most of the environmental and social risks commonly associated with the projects financed. Saint-Gobain has communicated to Sustainalytics that it is currently formalizing group-wide policies to address risks related to community relations. Sustainalytics encourages Saint-Gobain to continually report on the development of ongoing controversies.

#### **Alignment with the EU Taxonomy's Minimum Safeguards**

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's declaration on Fundamental Rights and Principles at Work.

#### **Human Rights and Labour Rights**

Saint-Gobain has implemented the following policies and procedures regarding human and labour rights:

- Saint-Gobain has a human rights policy established in accordance with its Principles of Conduct and Action, which refers to the ILO conventions, the OECD Guidelines for Multinational Enterprises and the International Bill of Human Rights.<sup>43</sup> Additionally, Saint-Gobain has been a signatory to the UN Global Compact since 2003 and is committed to respecting the UN's Guiding Principles on Business and Human Rights.<sup>44</sup>
- Saint-Gobain has a due diligence process to identify and manage human rights risks in each country where the Group and its partners operate. The risk areas identified during these due diligence processes include forced and child labour, freedom of association, use of recruitment agencies, non-discrimination and health and safety.<sup>45</sup> In addition, the Group provides training programmes to employees, suppliers and subcontractors on the management of these risks.<sup>46</sup>
- Saint-Gobain has in place an alert system based on questionnaires from its employees, capturing the human and labour rights-related incidents. The Group operates the alert system through a secured platform which is accessible to its employees, subcontractors and stakeholders, including suppliers, clients and public bodies, to report any breaches on the code of conduct and ethics, regarding the concerns of human and labour rights.<sup>47</sup> Saint-Gobain investigates the issued alerts with a group of employees specially trained in the matter.<sup>48</sup>
- To manage the risks associated with human rights and its partners, including suppliers and subcontractors, Saint-Gobain has established the Responsible Purchasing Policy,<sup>49</sup> which sets requirements for suppliers on human rights, working conditions and compliance with national and international standards.<sup>50</sup> In addition, the Group has developed the Responsible Purchasing programme based on ISO 20400.<sup>51</sup>

<sup>42</sup> Saint-Gobain, "Universal Registration Document", (2022), at: <https://www.saint-gobain.com/en/press/corporate-publications>

<sup>43</sup> Saint-Gobain, "Human Rights Policy", (2019), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique\\_dh\\_va.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique_dh_va.pdf)

<sup>44</sup> Saint-Gobain, "Business Ethics", at: <https://www.saint-gobain.com/en/corporate-responsibility/our-pillars/business-ethics>

<sup>45</sup> Saint-Gobain, "Human Rights Policy", (2019), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique\\_dh\\_va.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique_dh_va.pdf)

<sup>46</sup> Saint-Gobain, "Human Rights Policy", (2019), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique\\_dh\\_va.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique_dh_va.pdf)

<sup>47</sup> Saint-Gobain, "Business Ethics", at: <https://www.saint-gobain.com/en/corporate-responsibility/our-pillars/business-ethics>

<sup>48</sup> Saint-Gobain, "Business Ethics", at: <https://www.saint-gobain.com/en/corporate-responsibility/our-pillars/business-ethics>

<sup>49</sup> Saint-Gobain, "Responsible Purchasing at Saint-Gobain", at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/responsible\\_purchasing\\_policy\\_0.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/responsible_purchasing_policy_0.pdf)

<sup>50</sup> Saint-Gobain, "Integrated Annual Report 2022/2023", at: <https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/RAI-Saint-Gobain-2022-2023-ENG.pdf>

<sup>51</sup> Saint-Gobain, "Universal Registration Document 2022", at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/DEU\\_SAINT-GOBAIN\\_2022-ENG-1p\\_28Mo.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/DEU_SAINT-GOBAIN_2022-ENG-1p_28Mo.pdf)



Sustainalytics has not detected involvement in any relevant controversies that would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

#### **Anti-bribery and anti-corruption**

Saint-Gobain has implemented the following policies and procedures regarding anti-bribery and anti-corruption:

- Since 2003, Saint-Gobain has established a programme to prevent corruption risks supported by a commitment from the Group's executives and zero tolerance rule. The programme allows the Group to map risks related to corruption, establish policies and procedures, train employees, communicate actions and conduct internal and external audits on activities.<sup>52</sup> Policies developed as a part of the programme are further outlined below.
- At the Group level, Saint-Gobain's General Principles of Conduct and Action mandates that all business activities must comply with the applicable norms of competition law. Particularly, the Principles mandate that Group companies must not engage in active or passive corruption in domestic and international transactions as per the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.<sup>53</sup>
- Saint-Gobain has also implemented an Anticorruption Policy applicable to all employees from all entities and subsidiaries of the Group. The policy defines acts of corruption and bribery for the Group and prescribes sanctions for breaches thereof and of applicable laws and guidelines, such as the UK Bribery Act, the US Foreign Corrupt Practice Act and the OECD Guidelines for Multinational Enterprises. The Group's Anticorruption Policy sets procedures to identify and manage risks related to tendering, accepting gifts and invitations, donations and conflicts of interest.<sup>54</sup>
- The Group's Alarm System establishes a whistleblowing system for all employees and external stakeholders to create an alert for any issues related to bribery and corruption, which triggers the appointment of an Alert Examiner, who then escalates the issue to management accordingly. Reported incidents are followed up by an investigation or an action plan, disciplinary sanctions or legal proceedings.<sup>55</sup>

Sustainalytics has not detected involvement in any relevant controversies that would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard against bribery and corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

<sup>52</sup> Ibid.

<sup>53</sup> Saint-Gobain, "General Principles of Conduct and Action of the Saint-Gobain Group", (2021), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/PCA%20-%20Juin%202021\\_FR%2BEN.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/PCA%20-%20Juin%202021_FR%2BEN.pdf)

<sup>54</sup> Saint-Gobain, "Anticorruption Policy", (2020), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique\\_anticorruption\\_va.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique_anticorruption_va.pdf)

<sup>55</sup> Saint-Gobain, "Policy on the Group Alert System", (2020), at: [https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique\\_alerte\\_va.pdf](https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021-07/politique_alerte_va.pdf)

### Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of energy efficiency to meet global climate goals

Global CO<sub>2</sub> emissions from the electricity and heat generation sectors increased by more than 900 tonnes in 2021 compared to 2020, representing a nearly 46% increase.<sup>56</sup> The energy sector was responsible for more than two-thirds of total GHG emissions globally in 2021<sup>57</sup> and global energy consumption is expected to more than double between 2020 and 2050, with electricity use accounting for the largest absolute rise.<sup>58</sup> According to IEA's Net Zero Emissions by 2050 Scenario, the power sector needs to reduce CO<sub>2</sub> emissions by 4% annually on average by 2030.<sup>59</sup> However, from 2010 to 2020, the global rate of improvement fell from 2% in the first half of the decade to 1.3% in the second half. This highlights the need of reaccelerating efficiency progress, which requires coordinated action by governments and the private sector, in particular, promoting the switch to low-carbon fuel and renewable energy in industrial production.<sup>60</sup> Energy efficiency-related investment is projected to rise by 50% to approximately USD 840 billion per year by 2026-30 as compared to 2021 levels. However, this represents only half of the energy efficiency-related investment needed in the second half of this decade to meet the net zero by 2050 goals.<sup>61</sup>

In the above context, Sustainalytics is of the opinion that Saint-Gobain's financing of energy efficiency projects is expected to contribute to reducing GHG emissions and support the achievement of GHG emissions reduction targets in the countries where it operates.

#### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Saint-Gobain Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Manufacture of Energy Efficiency Equipment for Buildings	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency.
Manufacture of Other Low-Carbon Technologies	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.

<sup>56</sup> IEA, "Global Energy Review: CO<sub>2</sub> Emissions in 2021" (2022), at: <https://www.iea.org/reports/global-energy-review-co2-emissions-in-2021-2>

<sup>57</sup> IEA, "Greenhouse Gas Emissions from Energy Data Explorer" (2021), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

<sup>58</sup> IEA, "Net Zero by 2050 A Roadmap for the Global Energy Sector" (2021), at: [https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector\\_CORR.pdf](https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf)

<sup>59</sup> IEA, "Energy Efficiency 2022", at: <https://iea.blob.core.windows.net/assets/7741739e-8e7f-4afa-a77f-49dadd51cb52/EnergyEfficiency2022.pdf>

<sup>60</sup> Ibid.

<sup>61</sup> Ibid.

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## Conclusion

Saint-Gobain has developed the Saint-Gobain Green Bond Framework under which it intends to issue green bonds and use an amount equal to the net proceeds to finance or refinance, in whole or in part, existing and future projects intended to promote a low-carbon and circular economy in the countries where the Group operates. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Saint-Gobain Green Bond Framework outlines a process for tracking allocation and management of proceeds, and make commitments for reporting on allocation and impact. Sustainalytics believes that the Saint-Gobain Green Bond Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Saint-Gobain has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed Saint-Gobain's Green Bond Framework for alignment with the EU Taxonomy, and is of the opinion that the Framework's use of proceeds criteria, which map to two EU Taxonomy activities, align with the applicable technical screening criteria for substantial contribution to an objective of the EU Taxonomy (SC criteria) and the applicable Do No Significant Harm (DNSH) criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that Saint-Gobain is well positioned to issue green bonds and that the Saint-Gobain Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

# Appendices

## Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics’ process and presents the outcome of its assessment of alignment with the Taxonomy’s applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable “do no significant harm” (DNSH) criteria. Sustainalytics’ assessment involves two steps:

### 1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics’ assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays the outcome of Sustainalytics’ mapping process for this report.

### 2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics’ process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the SC criteria and the DNSH criteria is usually based on the specific criteria contained in the issuer’s Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy’s Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 1, above.)

Sustainalytics’ detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Primary EU Taxonomy Environmental Objective	Refer to Table
Manufacture of energy efficient equipment for buildings	Manufacture of energy efficient equipment for buildings	3.5 Manufacture of energy efficient equipment for buildings	C16.23, C23.11, C23.20, C23.31, C23.32, C23.43, C.23.61, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12, C28.13, and C28.14	Mitigation	Table 3
Manufacture of other low-carbon technologies	Manufacture of other low-carbon technologies	3.6 Manufacture of other low-carbon technologies	C22, C25, C26, C27 and C28	Mitigation	Table 4

## Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the with the technical screening criteria for substantial contribution to an environmental objective and DNSH for each relevant EU Taxonomy activity.

Table 3

<b>Framework Activity assessed</b>		Manufacturing of energy efficient equipment for buildings	
<b>EU Taxonomy Activity</b>		3.5 Manufacture of energy efficiency equipment for buildings	
<b>Corresponding NACE Code</b>		C16.23, C23.11, C23.20, C23.31, C23.32, C23.43, C.23.61, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12, C28.13, C28.14	
		<b>Applicable SC Criteria</b>	
Mitigation	<p>The economic activity manufactures one or more of the following products and their key components<sup>62</sup>:</p> <ul style="list-style-type: none"> <li>(a) windows with U-value lower or equal to 1,0 W/m<sup>2</sup>K;</li> <li>(b) doors with U-value lower or equal to 1,2 W/m<sup>2</sup>K;</li> <li>(c) external wall systems with U-value lower or equal to 0,5 W/m<sup>2</sup>K;</li> <li>(d) roofing systems with U-value lower or equal to 0,3 W/m<sup>2</sup>K;</li> <li>(e) insulating products with a lambda value lower or equal to 0,06 W/mK;</li> <li>(f) household appliances falling into the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council<sup>63</sup> and delegated acts adopted under that Regulation;</li> <li>(g) light sources rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation;</li> <li>(h) space heating and domestic hot water systems rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation;</li> </ul>	<p>Saint Gobain intends to finance the manufacture of:</p> <ul style="list-style-type: none"> <li>(a) windows with U-value lower or equal to 1.0 W/m<sup>2</sup>K;</li> <li>(c) external wall systems with U-value lower or equal to 0.5 W/m<sup>2</sup>K;</li> <li>(d) roofing systems with U-value lower or equal to 0.3 W/m<sup>2</sup>K;</li> <li>(e) insulating products with a lambda value lower or equal to 0.06 W/mK;</li> </ul>	Aligned

<sup>62</sup> Where relevant, the U-value is calculated according to the applicable standards, e.g. EN ISO 10077-1:2017 (windows and doors), EN ISO 12631:2017 (curtain walls) and EN ISO 6946:2017 (other building components and elements).

<sup>63</sup> Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU (OJ L 198, 28.7.2017, p. 1).

	<p>(i) cooling and ventilation systems rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation;</p> <p>(j) presence and daylight controls for lighting systems;</p> <p>(k) heat pumps compliant with the technical screening criteria set out in Section 4.16 of the Annex I of the Climate Delegated Act;</p> <p>(l) façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation;</p> <p>(m) energy-efficient building automation and control systems for residential and non-residential buildings;</p> <p>(n) zoned thermostats and devices for the smart monitoring of the main electricity loads or heat loads for buildings, and sensing equipment;</p> <p>(o) products for heat metering and thermostatic controls for individual homes connected to district heating systems, for individual flats connected to central heating systems serving a whole building, and for central heating systems;</p> <p>(p) district heating exchangers and substations compliant with the district heating/cooling distribution activity set out in Section 4.15 of the Annex I of the Climate Delegated Act;</p> <p>(q) products for smart monitoring and regulating of heating system, and sensing equipment.</p>		
<b>Applicable DNSH Criteria</b>		<b>Alignment Assessment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 5		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 6		Aligned
Transition to a circular economy	<p>The activity assesses the availability of and, where feasible, adopts techniques that support:</p> <ul style="list-style-type: none"> <li>(a) reuse and use of secondary raw materials and reused components in products manufactured;</li> <li>(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li> </ul>	<p>Saint-Gobain intends to finance activities that comply, where feasible, with the following criteria:</p> <ul style="list-style-type: none"> <li>(a) reuse and use of secondary raw materials and reused components in products manufactured as per Saint-Gobain’s circular economy policy.</li> </ul>	Aligned

	<p>(c) waste management that prioritizes recycling over disposal, in the manufacturing process;</p> <p>(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.</p>	<p>(b) As per Saint-Gobain's innovation process, it will finance activities designed for high durability, recyclability, easy disassembly and adaptability of products manufactured.</p> <p>(c) The Group will comply with this criterion and has defined a target to reduce the quantity of non-recovered waste by 50% between 2010 and 2025 compared to 2010 and reduce 80% of its waste (in absolute terms) between 2017 and 2030 compared to 2017. The Group will also monitor the reduction of the share of non-recovered waste.</p> <p>(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products will be as per Saint-Gobain's circular economy policy and health policy.</p>	
Pollution prevention and control	Refer to the assessment set out in Appendix 3, Table 7		Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8		Aligned

Table 4

<b>Framework Activity assessed</b>	Manufacture of other low carbon technologies		
<b>EU Taxonomy Activity</b>	3.6. Manufacture of other low carbon technologies		
<b>Corresponding NACE Code</b>	C22, C25, C26, C27 and C28		
	<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Mitigation	<p>The economic activity complies with the following:</p> <p>(a) The economic activity manufactures technologies that are aimed at and demonstrate substantial life cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market.</p>	<p>Saint-Gobain will finance the manufacturing of following under this category:</p> <p>1) Ceramics as refractory solutions. which can be added to recover energy from glass furnaces, in order to reuse the heat. Products, specifically under the Sefpro and NorPro product lines are intended to be manufactured under ceramics, which are refractory solutions to enable thermal efficiency, insulation and reduce air leakages. Saint-Gobain's internal methodology confirms substantial GHG emissions reduction.</p>	Aligned

	<p>(b) Lifecycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU<sup>64</sup> or, alternatively, ISO 14067:2018<sup>65</sup> or ISO 14064-1:2018.<sup>66</sup></p> <p>(c) Quantified life cycle GHG emission savings are verified by an independent third party.</p>	<p>2) GlasGrid: These are reinforcement grid reducing road maintenance products which have a potential to contribute to resource efficiency and reduce GHG emissions as a consequence. The life cycle GHG emissions calculated as per ISO 14040 demonstrated a 20% reduction in GHG emissions on European highways.</p> <p>3) Construction chemical (Chryso): This includes chemical additives that reduce the water-cement ratio, activators that reduces clinker factor in cement and grinding aids that reduces energy used for grinding clinkers. Saint-Gobain’s internal methodology confirms substantial GHG emissions reduction (between 40% to 50%) in comparison with traditional solutions on the market.</p> <p>For ceramics, GlasGrid and the construction chemicals, Saint-Gobain confirms to conduct a life cycle GHG emissions study as per Commission Recommendation 2013/179/EU or, alternatively, ISO 14067:2018 or ISO 14064-1:2018 and provide comparisons with the most commonly used solutions on the market. The life cycle GHG emission savings will be verified by a third party.</p>	
<b>Applicable DNSH Criteria</b>		<b>Alignment Assessment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 5		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 6		Aligned
Transition to a circular economy	<p>The activity assesses the availability of and, where feasible, adopts techniques that support:</p> <ul style="list-style-type: none"> <li>(a) reuse and use of secondary raw materials and reused components in products manufactured;</li> <li>(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li> <li>(c) waste management that prioritizes recycling over disposal, in the manufacturing process;</li> </ul>	<p>Saint-Gobain intends to finance activities that comply, where feasible, with the following criteria:</p> <ul style="list-style-type: none"> <li>(a) Reuse and use of secondary raw materials and reused components in products manufactured as per Saint-Gobain’s circular economy policy.</li> <li>(b) As per Saint-Gobain's innovation process, it will finance activities which are designed for high durability, recyclability, easy disassembly and adaptability of products manufactured.</li> </ul>	Aligned

<sup>64</sup> Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

<sup>65</sup> ISO 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification (version of [adoption date]: <https://www.iso.org/standard/71206.html>).

<sup>66</sup> ISO 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (version of [adoption date]: <https://www.iso.org/standard/66453.html>).



	(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.	(c) The Group will comply with this criterion and has defined a target to reduce the amount of non-recovered waste by 50% between 2010 and 2025 compared to 2010 and reduce 80% of its waste (in absolute terms) between 2017 and 2030 compared to 2017. <sup>67</sup> The Group will also monitor the reduction of the share of non-recovered waste.  (d) Information on and traceability of substances of concern throughout the life cycle of the manufactured products will follow Saint-Gobain’s circular economy and health policies.	
Pollution prevention and control	Refer to the assessment set out in Appendix 3, Table 7		Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8		Aligned

<sup>67</sup> This has been communicated by Saint-Gobain to Sustainalytics.

## Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to Climate Change Adaptation; Sustainable Use and Protection of Water and Marine Resources; Pollution Prevention and Control; and Protection and Restoration of Biodiversity and Ecosystems

Table 5

Criteria for DNSH to Climate Change Adaptation		
<i>Applicable DNSH Criteria</i>	<i>Alignment Assessment</i>	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.<sup>68</sup> The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> <li>for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections;</li> <li>for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments.</li> </ul> <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework.</p> <ul style="list-style-type: none"> <li>For new activities, the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.</li> <li>For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.</li> </ul>	<p>Saint-Gobain, with AXA Climate, developed a methodology for conducting a climate risk and vulnerability assessment for its sites, which includes both acute and chronic climate risks that are material to the Group. This analysis on the physical climate risks is consistent with the IPCC’s Risk Concentration Pathway, TCFD and ERM Frameworks.</p> <p>The two scenarios used in this analysis, conducted in 2022, include SSP2-4.5 and SSP5-8.5, assessing two time periods from the baseline (2021): 2030 and 2050. This analysis determined the level of risk for each asset across three parameters (hazard of the event, exposure and vulnerability) while splitting climate risks into acute and chronic climate risks. These three parameters are combined to generate a multi-peril risk score ranging from 0 to 1: i) 1-0.75 is defined as extreme; ii) 0.75-0.5 is high; iii) 0.5-0.25 is moderate; and iv) 0.25-0 is low. Sustainalytics further notes that this methodology provides an overview of the assets most exposed by product line and country as well as a specific view of the exposure for assets most at risk.</p> <p>In addition, the risk department annually identifies the climate risks for the Group’s activities and the result of this analysis are identified in the Group’s risk matrix.</p> <p>Sustainalytics notes that the Group has implemented Business Continuity plans across all its sites and that these plans integrate some physical climate risks, such as drought and flooding. Further, the Group has communicated that the business continuity plans are consistent with local, sectoral, regional or national adaptation efforts and do not adversely affect the adaptation efforts or the level of resilience to the physical climate risks of other people, nature, assets and other economic activities.</p>	<p>Aligned</p>

<sup>68</sup> The EU Delegated Act identifies several climate related risks and classifies them into chronic or acute risks. Chronic risks include changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to heat or cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC\\_WORKFLOW](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW)

Table 6

Criteria for Sustainable Use and Protection of Water and Marine Resources		
<b>Applicable DNSH Criteria</b>	<b>Alignment Assessment</b>	
<ul style="list-style-type: none"> <li>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</li> <li>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</li> </ul>	<p>In the EU, Saint-Gobain has confirmed that all its sites comply or will comply with Directive 2000/60/EC.</p> <p>Outside the EU, Saint-Gobain’s Water Policy applies to all sites and is in line with Directive 2000/60/EC of the European Parliament and of the Council. As per this policy, all sites are required to carry out an environmental and health, safety and environmental risk analysis, which includes assessing water risks. In addition, the Group is establishing a framework for community action within the Water Policy. The Group has communicated to Sustainalytics that the framework for community action consists of a consultation process with relevant stakeholders in developing the Water Policy.</p> <p>Saint-Gobain has in place Group Water Standards, which sets minimum requirements for all sites. If the risk analysis identifies any water risks, that site must implement plans and procedures to comply with the Saint-Gobain Water Standard. In addition, Saint-Gobain uses global Aqueduct atlas of the WRI organization to assess the water sensitivity of its sites, which assesses physical water risks such as water stress or risk of flooding and risks related to access to water.</p> <p>Saint-Gobain has confirmed to Sustainalytics that the Group has developed a standard for the evaluation process of environmental risks in accordance with local legal frameworks that include Directive 2011/92/EU. In addition, the Group has confirmed to Sustainalytics that the environmental Impact assessment will be carried out prior to financing the eligible projects.</p>	<p>Aligned</p>

Table 7

Criteria for Pollution Prevention and Control Regarding Use and Presence of Chemicals		
<b>Applicable DNSH Criteria</b>	<b>Alignment Assessment</b>	
<p>The activity does not lead to the manufacture, placing on the market or use of:</p> <ul style="list-style-type: none"> <li>a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council<sup>69</sup>, except in the case of substances present as an unintentional trace contaminant;</li> <li>b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council;<sup>70</sup></li> <li>c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council;<sup>71</sup></li> <li>d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council,<sup>72</sup> except where there is full compliance with Article 4(1) of that Directive;</li> <li>e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council<sup>73</sup>, except where there is full compliance with the conditions specified in that Annex;</li> <li>f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;</li> <li>g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.</li> </ul>	<p>Saint-Gobain has processes, procedures and tools in place to ensure that activities do not lead to the manufacture, placing on the market or use of substances in criteria a) to g) in these DNSH criteria in both EU and non-EU countries.</p> <p>Sustainalytics notes the following:</p> <p>Saint-Gobain has in place a regulatory monitoring system that cross-references the list of existing substances used in the activities of each product line with substances mentioned in the DNSH criteria.</p> <p>The Group has developed three tools to support sites in managing and controlling risks associated with chemicals, including:</p> <ul style="list-style-type: none"> <li>i) an internal standard and its implementation guide on the assessment and control of the risks linked to chemical agents that allows sites to conduct periodic assessments on exposure to hazardous substances according to precise minimum rules;<sup>74</sup></li> <li>ii) the SBASE database, which lists chemical substances and their classification. The database is updated on an ongoing basis to align with different regulatory frameworks, such as REACH; and</li> <li>iii) the SAFHEAR management tool, which allows each site to prepare and document its inventory of chemical substances and products used and potentially generated during the production process.</li> </ul> <p>The Group's inventory of products and substances used undergoes a continuous improvement process. The Group's entities located in different countries update their inventories and when new indicators and risk assessment and control standards, such as SAFHEAR, are developed and communicated.</p>	<p>Aligned</p>

<sup>69</sup> Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants

<sup>70</sup> Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008

<sup>71</sup> Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer

<sup>72</sup> Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

<sup>73</sup> Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.

<sup>74</sup> The internal standard of minimum requirements of toxic chemicals is maintained by the Group, which includes information various regulation/agencies like EU regulations, ACGIH, EU CLP and REACH. It includes information of exposure limits as per ACGIH. The standard describes risk assessment procedures like air monitoring, biomonitoring and industrial hygiene assessment and required PPE as per risk level identified.

	<p>Additionally, the Group has adopted a health and wellness policy mandating sites to comply with local regulations and health and industrial hygiene guidelines, standards and tools.</p>	
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Table 8

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<b>Applicable DNSH Criteria</b>	<b>Alignment Assessment</b>	
<ul style="list-style-type: none"> <li>• An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards.</li> <li>• Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</li> <li>• For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.</li> </ul>	<p>The Group has processes in place that require it to carry out interdependencies and sensitivity studies to its sites, in accordance with the requirements of an environmental impact assessment and Directive 2011/92/EU. Saint-Gobain has confirmed to Sustainalytics that the studies will be conducted prior to financing and on-site for the eligible projects that the Group will finance using the proceeds.</p> <p>These studies use ArcGIS and Protected Planet data<sup>75</sup> to identify and analyse the risks and impacts of the relevant activities on biodiversity and ecosystems, which may include resources exploitation, habitats destruction and fragmentation, species disturbance and destruction. The Group classifies priority sites as per the distance of the site to a biodiversity sensitive area. Saint-Gobain then requires the priority sites, as classified from the analysis, to complete a Biodiversity Monitoring and Assessment Program in line with internal sources, such as the Saint-Gobain Biodiversity Policy and external sources, such as ISO 14001:2015 amongst others.<sup>76</sup> The programme identifies and outlines measures using a roadmap to implement good practices so as to manage and mitigate risks related to biodiversity.</p>	<p>Aligned</p>

<sup>75</sup> The Protected Planet data is a map layer of protected area managed by United Nations Environment Programme’s World Conservation Monitoring Centre with support from International Union for Conservation of Nature and Natural Resources and the World Commission on Protected Areas. Protected Planet, “Protected Areas (WDPA), at: <https://www.protectedplanet.net/en/thematic-areas/wdpa?tab=WDPA>. Saint-Gobain also takes consideration of Natura 2000 and RAMSAR Area data to complete the national and local information on protected areas for these studies.

<sup>76</sup> The full list external documents that the BMAP guidelines are based on includes ISO14001:2015, “Business & Biodiversity: The Handbook for Corporate Action” (Earthwatch, IUCN, WBCSD, 2002), “A Framework for Corporate Action on Biodiversity and Ecosystem Services (BES)” (UN Global Compact and IUCN, 2012), “Corporate biodiversity reporting and indicators. Situation analysis and recommendations” (IUCN French Committee, 2014), [www.iucn.org](http://www.iucn.org) (International Union for Conservation of Nature).

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